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PROSPECTS FOR THE GENEVA TALKS

(A Letter from Geneva)

By Jože SMOLE

THE LONG duration of the Geneva Foreign Ministers' talks (the conference has entered its ninth eek!) is itself an expression of some of the basic cha- cteristics of the present situation in international re- tions.

The painfully slow talks, which are progressing, as ie London „Times" puts it, „at a snail's pace", reflect l the complexity of the German problem. And not only ie complexity of this problem but that of all the con- adictions, disputes and serious unsettled questions in ast-West relations which result from bloc-policy. The en questions left by World War II are very serious and ncern the most sensitive fields of international rela- ns. The contradictions between the material interests East and West are very deep and, of course, arise pecially in such central international questions as that Germany. The already serious effects of the bloc di- sion of the world are aggravated by the consequences the cold war and are expressed also in the great mu- al mistrust and fear which still exists.

The fact that the four-power foreign ministers' conference, with the participation of representatives of the two Germanies, has already lasted so long has a positive side as well. It proves that the policy of the Great Powers still shows a strong tendency to seek a way out of the deadlock by peaceful means and negotiations. It is characteristic that the Geneva conference has up to now succeeded relatively quickly in overcoming all procedural crises. It is also encouraging that the real danger of a complete breakdown of the conference has till now, so to say, never existed for a single moment. All the participants are deeply conscious that a breakdown of the conference would have very serious consequences. Bearing in mind particularly the mood of world public opinion, which is an ever stronger factor, not one of the Great Powers is willing to take on the responsibility for the failure of the talks.

The slow progress of the talks „inch by inch" with all their ups and downs, shows in its own way the crises and difficu'ties through which the process of a certain

adaptation of policy is passing from the period of the cold war to today's in some sense changed, international conditions. Such an evolution in the policy of the Great Powers is a slow and complicated process. Though understanding of the need for at least a slight adjustment in policy in present conditions is stronger among them (but of course the degree of such understanding is not the same in all the Great Powers, being very low in France, for instance), concrete realization still lags a long way behind understanding. To understand is one thing, but it is quite another to transfer this understanding into practice and reality.

The process of policy adjustment is still more complicated because it is taking place in the frame of definite bloc formations, definite military-political treaties of which some of the integral parts strongly resist any evolution and any adaptation. The political forces which grew up during the period of the cold war, which were the direct product of the policy of force, are causing very grave headaches today inside the military-political pacts, and to a great extent are tying the hands of those who feel the need for some evolution of policy. In a way the Great Powers are torn between the need for a certain adjustment of their policy to new conditions and the need for maintaining strong links with those political factors arising from the earlier policy of the cold war.

For example, it is by no means accidental that the Geneva conference is concerned not only with relations between the Western powers and the USSR, but also, simultaneously, with relations between the Western Powers and West Germany. The difficulties in the Geneva talks are not only the result of the massed East-West contradictions (although, of course, they predominate), but also of the strong opposition made by Chancellor Adenauer's government to any tendency towards adjusting the policy of the Western Powers to the present situation and new needs. This is especially evident in London-Bonn relations. The British and West German policies are without doubt the two extremities of the Western coalition. Certain differences in interests and in the direction of activity are also appearing between the USA and West Germany.

Of course, it would be wrong to treat and interpret these differences in a simplified way, though it would be of more value here than usual. Simplification would then cause unrealistic impressions and wrong political steps. This danger does exist. During the Geneva talks a tendency to judge some particular contradictions unrealistically appears from time to time. But as a rule this tendency has had the opposite effects from those expected.

However, it is a fact that the entire political orientation of Adenauer, formed in the cold war period, is opposed to any progress towards the realistic treatment of the German problem, as well as to any serious international agreement in general. The present official West German policy, as it is thought out and put into practice, considers that any serious relaxation of international tension would be objectively to its disadvantage. Such a policy, however, can no longer agree with the direction of activities of the USA and Great Britain, which, looking at it from their own interests, feel the need for a certain adjustment of their policy to present conditions and which cannot be against a lessening of tension and international agreement.

We cannot judge these differences separately from the real interests which link the Western Powers and West Germany. The Western Powers not only cannot, but also are unwilling, to break with Adenauer. They are unwilling to make a political disavowal of Adenauer's policy. Besides that, one of the Western Powers, namely France, today gives great support to the policy of Bonn. After Adenauer's memorandum to Washington, Paris and London, in which he warned of the „danger of too great concessions by the Western Powers to the Soviet Union" and when the Geneva conference really became, for a couple of days, a conference between the Western Powers and West Germany (it could perhaps be said more precisely: a conference between Great Britain and the United States on the one side, and France and West Germany on the other), a certain change in the standpoint of the Western delegations was immediately remarked. The withdrawal was even more evident as the initiative of Bonn met with French support. The Bonn *démarche*, there is no doubt, has placed a new obstacle in the way of negotiations between the Western Powers and the Soviet Union. The British, who were the most concerned among the Western Powers for the improvement of relations with the East, have started from the standpoint that the West must take account of a factor such as the policy of the present West Germany.[1]

It is no accident that not only categorical statements that under no circumstances would West Germany participate in the All-German Committee were heard in Geneva, but that from time to time, through unofficial channels it is true, the rather threatening notes have been heard: „If the Western Powers go too far in concessions to the Soviet Union, it could happen that West Germany would turn its back on the West". Certainly Bonn has not unlimited possibilities for such a negative influence on the Western Powers. The opposition of Bonn, in the final event, cannot be the prevailing factor. But it certainly aggravates and complicates to a serious extent the very process of adjustment of the Western Powers' policy to new conditions.

No changes in West Berlin suit Adenauer's policy. The West German delegation regarded the Western proposal on Berlin of June 16 as an excessive concession to the Soviet Union. To the Western Powers, however, the weakness of their position concerning West Berlin is fairly clear. They know that concessions are necessary, but they still wish to keep the *status-quo* in West Berlin basically unchanged.

The progress of events certainly points more and more to the unreality and impossibility of the present Western attitude in which, on the one hand, further recognition and continuation of the *status-quo* in West Berlin is sought while, on the other, the present *status-quo* in Germany is not recognized, i. e. the actual situation of the existence of two German states. (Up till now the Western Powers have not announced any basic change in their attitude, and it seems that it will be a long time before they do.) They will not even hear of the formation of an All-German Committee composed of representatives of the German Democratic Republic and

[1] The policy of France at the Geneva conference deserves individual analysis

ne German Federal Republic. However, they see that ertain steps in the direction of recognizing the present ierman situation will have to be made if they wish o preserve their definite interests in Germany and if ney wish to reach any sort of East-West agreement (and orld public opinion demands an international greement).

The beginning of a certain evolution, although small, as already become evident in that the Western Powers ave agreed that the delegations of the two German ates should take part, in an advisory capacity, in the eneva conference. By his refusal to sit at the West erman table in the same room as the representatives East Germany, von Brentano appreared very ridiculous. e has shown the full absurdity, in the present time, of is Bonn attitude, when the Foreign Ministers of the SA, Great Britain and France are sitting in the same om as the delegation of the German Democratic Re-ibl'c. However persistently, for example, the American legates when referring to the German Democratic epublic add „so-called", the fact is that historical cessity itself is forcing the Western Powers towards a adually more realistic treatment of the present German uation.

The Western Powers are now categorically opposed all forms of direct political talks between West and st Germany. It is evident that on this matter they are t, at this moment, ready to make any essential changes their attitude. However, it is becoming ever clearer to m that the problem cannot simply be regarded as non-stent, and in this way glossed over. Among the stern Powers (with the opposition of Bonn, of course, l with some opposition from Paris as well) a readiness gradually appearing to accept some compromise for-lae so that contact between West and East Germany ght be allowed and ushered in „through the back-door". such an idea has so far met with criticism from the iet Union which considers that it is high time to ept the view that German reunification is exclusively natter for the two German states and the German ple and that the four Great Powers must declare nselves directly in favour of political talks between esentatives of the two German states.

Up till now the Geneva talks have as a rule, only gressed when particular concrete sides of the German blem were being considered, and always reached a d-end when one or the other side tried to treat the man problem in its entirety. In certain minor, that asily solved questions, such as for instance the visional arrangement for West Berlin, a considerable rochement of views was reached. The basic discrep-es have remained unchanged regarding the essence he German problem as a whole. There was similar erience in applying the method in the talks. The ckage" method, that is the method of linking and litioning various problems, has proved to be complet-ineffective. The method of separate treatment of in-dual problems and search for initial agreement has vn all its advantages. Whenever the negotiators used „package method" they were confronted by insur-ntable difficulties, but whenever they used the method partial, separate, initial solutions, the negotiators e speedy progress.

The talks on West Berlin so far have already provided the contours of a possible agreement. All the basic elements for „building a small Berlin agreement" have really been discovered and transported to the „building-site". When the Geneva conference was provisionally adjourned on June 20, the basic open question was what the Soviet Union would do when the proposed time-limit of a year and a half was over. The main question of dispute was solved by the precise assurances of Andrej Gromyko that the Soviet Union would not undertake any measures on its own either during the provisional arrangement or at the end of the time-limit.

It is clear that the German question, which is one of the world's key problems, will not be solved at this conference. Nobody who looks at the situation realistically expected that. However, that does not mean that progress will not be made at Geneva towards the solution of individual points of the German problem, such as the commencement, in some acceptable form, of contacts and negotiations between the two German states.

Nine weeks of work at the Geneva conference have proved that one smaller agreement in a limited sector (although belonging to the vast field of East-West contradictions) is certainly within the realm of possibility and reality. Such an agreement, however, would have to be an introduction to new talks on different levels. It would have to be an initial agreement which is not in itself the goal but which calls for a new, wider agreement.

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The Journey of Emperor Haile Selassie

By Marijan BARIŠIĆ
Ambassador of the FPRY in Ethiopia

IN MANY countries, the mutual exchange of visits of heads of states is nowadays a customary form of activity in foreign affairs. This type of co-operation is particularly suitable for the newly-fledged countries of Asia and Africa on account of the rapid tempo and specific characteristics of their general development. Through personal contacts at the highest level, statesmen can expeditiously and beneficially conduct discussions on various issues in an atmosphere of friendship and understanding Such contacts are in the interests of all those small and medium-sized states whose responsible leaders are striving for conditions of peace and the peaceful solution of all controversies in which to consolidate the independence of the new Asian and African countries.

Emperor Haile Selassie I has travelled much in the post-war period, and has succeeded in establishing links which are necessary for, and in the interest of, not only Ethiopia but of general international co-operation. He visited Yugoslavia on one of these journeys, in 1954, and contributed to the creation of the extensive mutual relations which now exist. The journey which has this summer taken the Emperor of Ethiopia to the United Arab Republic and to certain European countries will further enhance the international position of Ethiopia, and will contribute to the settlement of political, economic and other issues arising in the bilateral arrangements of Ethiopia with these countries. In present-day circumstances, this journey also demonstrates the many benefits arising from the policy of active co-existence which is practised by Ethiopia. This time the Emperor of Ethiopia has visited the UAR and the USSR, followed by visits to Czechoslovakia, Belgium, France and Portugal; his journey through Europe will end with a visit to Yugoslavia.

The President of the Republic, Joseph Broz Tito, visited Ethiopia in February in the course of his journey for the cause of peace through Asia and Africa earlier this year. On that occasion he had fruitful discusions with Emperor Haile Selassie I, — discussions which were of benefit to both sides and to the cause of peace in general. A further meeting between the Ethiopian Emperor and the President of the Republic within such a short space of time illustrates the dynamism of political events in the world — and in Africa in particular. In the interim, the situation has developed in such a way as to call for still closer ties between Ethiopia and the UAR and for the further development of economic relations between Ethiopia and the countries of Eastern Europe; the need has also arisen for an exchange of views between Haile Selassie and President Nasser on the political problems of East Africa, and for similar exchanges on other themes with the leaders of some European states including President Tito of Yugoslavia.

In the initial stage of his journey the Ethiopian Emperor visited the United Arab Republic. This was an event of historic importance for both countries for it was the first time in their recent history that their heads of state had met — a meeting which opened the door to mutual understanding and multi-lateral co-operation in the interests of both sides. The strengthening of relations between the UAR and Ethiopia was warmly welcomed by all freedom-loving Africans, for the Cairo talks not only brought these neighbouring Nil countries closer together but also gave a fresh impetus t the movement for independence throughout the African con tinent.

The awakening of Africa, the wild-fire spread of liber ation movements throughout the continent and the emergenc of new independent states on her frontiers and in he vicinity have all helped to consolidate the independence c Ethiopia and have strengthened her immediate security while at the same time enabling her to play a freer and bolde part in international affairs. An indepedent Sudan has radicall changed the situation along 2,500 kilometres of the Ethiopia frontier. This will shortly also be true of her frontiers wit an independent Somaliland.

In 1956, the Ethiopian Emperor visited some Asia countries, including India, Burma, and Japan, with the desir to give the Bandung principles concrete expression by mean of closer mutual ties, understanding and mutual assistance Following these visits, India and Japan began to take a close interest in Ethopian affairs; economic aid and trade wa expanded and many experts from these countries have gon to work in Ethiopia. As a logical continuation of suc activity, Ethiopia participated in the conference of independen African states which took place in Accra in April 1958. A this first conference of independent African states, the Band ung principles were further elaborated with reference to Afri can circumstances, and the highest political representative of independent Africa were united in their views — in suppo of the desire for independence for the African peoples i general, and of the struggle of the Algerians in particular they condemned colonialism as a permanent threat to th independent African countries and to peace in general; the reaffirmed their support for disarmament and their oppositio to nuclear explosions — particularly on the African conti nent. They also supported the maintenance of world peac and closer mutual political, economic, cultural and othe forms of co-operation. In short: the independent Africa countries are anxious both to settle, consciously and boldly the issues of their own continent, and to participate on a equal basis in the solving of general world problems. Ethiopi both at Accra and subsequently, has actively striven for th realization of the aims of the first conference of independen African states, especially through the Afro-Asian group in th United Nations and in bilateral relations with all countrie irrespective of bloc considerations. The activity of the inde pendent African states, the growing scope and strength c the national liberation movement throughout Africa, pointe to the need and created the preconditions for the convocatio of an all-African, non-governmental conference of politica trade union, youth and other organisations which had as i purpose the unification of all liberation movewents i Africa behind a common and comprehensive political pro gramme, the solidarity of all Africans in the struggle again imperialism, colonialism, racial discrimination and tribal divi sions, and the determination of the tactics and forms whic the struggle should take. The conference assembled all tha is conscious and militant in Africa and created a new spir

hich was warmly welcomed by the Ethiopian public. Addis baba is visited by political leaders from various parts of frica who wish to exchange views on Africa issues with thiopian representatives

The rapid political changes in Africa also led the United ations to decide on the establishment of an Economic Com-ission for Africa. Addis Ababa has become the headquarters the secretariat of this Commission and Ethiopia was given ie task of organising its first session at the end of last and ie beginning of this year. Many delegates from the All-frican Conference held in Accra in December 1958, as embers of governmental or non-governmental organizations, ttended the session of the Commission in Addis Ababa, bring-g with them the spirit of the pan-African resolutions; and or the first time in history Africans were in the majority at n international conference. They conducted confident and ppropriate debates and put forward recommendations for the olution of the economic problems of their continent. The thiopian Emperor, Haile Selassie, opened the inaugural session. e pointed out that, hitherto, discussions on African problems ad taken place outside Africa, without the participation of fricans and against African interests, and drew attention to e need for aid to be offered to Africa through the United ations. The work of the Ethiopian delegation was ecorded general praise both for its excellent organization of e conference and active participation in the business of the ommission, and for numerous useful resolutions concerning e economic development of the continent and the expansion technical assistance to Africa.

There have recently been frequent references in the press id in the statements of responsible politicians to the question the formation of a Greater Somaliland. Some have favoured id others opposed this proposal — as a rule from the point view of their own interests and without consulting the malis or the Ethiopians, although the latter would have to rrender part of their state territory. The former Italian olony of Somaliland will achieve independence in 1960. me British plans provide for the formation of Greater maliland comprising this territory, the territories administe-d by Britain and France, and the Ethiopian province of gaden. Greater Somaliland would then be expected to apply r admission to the Commonwealth. This plan has met with sistance from diverse quarters — and not least from Ethiopia, hose territorial integrity is thereby jeopardised. Moreover the an also threatens the genuine independence of Somaliland id her peoples. The public opinion and the government of ugoslavia cannot approve a solution which threatens the rritory of friendly Ethiopia and which offers the peoples Somaliland the continuation of their former colonial status a new form Emperor Haile Selassie, in the course of his sits to the UAR and European countries, has certainly ged the correct solution of the Somaliland issue, that is to say, a solution which should be reached with the full participation of the directly-interested parties, and without the introduction of foreign influence, in short, with the participation of brotherly Somaliland and Ethiopia, whose peoples lived in peace for centuries before the advent of colonists who divided and ruled them as long as they could. At all events, the Somaliland issue has been inflated beyond its true importance in order to darken the relations between Ethiopia and Somaliland from the outset. Independent Somaliland will very quickly find common ground with independent Ethiopia, not only over the frontier issue but on all other issues of mutual interest, particularly that of the liberation of Africa. In this matter, Ethiopia and Somaliland have the support of all progressive people, including the public and the leaders in Yugoslavia.

It is thus clear that the results of the zourney and discussions of the Ethiopian Emperor will be of great importance, both for the regulation of his country's foreign relations, and for safeguarding peace in the Nile valley and East Africa. The forthcoming visits of Emperor Haile Selassie to the Sudan and the independent countries of West Africa have already been announced. Ethiopia is actively putting into practice the principles of Bandung and Accra in her foreign policy and is becoming an increasingly important factor in the political development of the African continent precisely on account of this policy of supporting the peaceful settlement of disputes, non-interference, equality and so on. This policy has won Ethiopia new friends throughout the world. It has been announced that Ethiopia will this year be visited by the Japanese Heir Apparent, and preparations are underway for the visit of Premier Nehru.

The co-operation between Ethiopia and the Federal People's Republic of Yugoslavia is becoming more extensive and more intensive all the time. Thanks to the close similarity of views on fundamental, present-day, international problems — primarily that of the maintenance of world peace — the mutual relations between Ethiopia and Yugoslavia have become an incontestable proof of the need for peaceful co-existence and of its practical value, irrespective of political organization, race or continent. The friendship which exists between Yugoslavia and Ethiopia has been tried in practice and has grown deeper not only because of the benefit which each side derives from mutual relations but also in the course of co-operation in the international sphere over issues of general importance. A further factor which merits attention is the great significance of the feelings of friendship entertained by the President of the Republic, Josip Broz Tito, towards the peoples of Ethiopia and their sovereign — feelings shared by the entire Yugoslav public who cordially welcome the new visit of their friend, Emperor Haile Selassie I, to Yugoslavia.

Nixon in Moscow

By N. BOROVIĆ

IT IS NOT without reason that the attention of political circles has been transferred in the last few ays from the Geneva scene to the Moscow „Sokolniki" ark. The arrival of Richard Nixon in the USSR has been eated by the press as the event of the year, even oversha-owing the talks on the Leman Lake. To be more precise, bservers find the special significance of this visit in its nnection with the Four-Power Foreign Ministers' Confe-rence. The Geneva negotiations have reached a kind of stagnation point; whether rightly or not, political circles are expecting that the Vice-President of the USA and Premier Khrushchev's direct conversations will make some success possible in Geneva — at least as far as an agreement on summit talks is concerned. Even though that is not the aim of his visit to Moscow, observers are in general following Nixon's meetings with the highest Soviet leaders from that

angle. If Nixon's mission has a favourable effect on the course of the negotiations in Geneva, it is the general belief that it will do a great service.

Officially, Nixon came to Moscow to open the American exhibition, just as Koslov, the first Deputy-Premier of the Soviet Government, opened the recent Soviet exhibition in the New York Colosseum. In a short time someting has been done which has been unimaginable in American-Soviet relations in the last four decades: in New York, Americans had the opportunity of seeing the progress of the Soviet people in the realms of technology, science, art and industry; in Moscow millions of Soviet citizens have the chance of inspecting the pavilions demonstrating the comfort of American living standards.

For decades the two leading nations of the world, which stand at the head of the opposing blocs, have only been able to get to know each other through propaganda pamphlets, which generally present matters in an inaccurate light. The Americans have built up their general attitude towards the Soviet Union, its people, its physical and moral potential, on the basis of theoretical judgments which have most commonly proved to be empty prejudices. The Russians have formed their opinion of the Americans, their efforts and peculiarities, in the same way. The bad results of such a method of mutual acquaintanceship have been felt not only in the lack of positive premises in Moscow-Washington relations but also in the aggravation of the international situation on which, of course, the USA and USSR have an equally strong influence. The lack of realism, the mutual distrust and suspicion, have been a constant, unchanging factor in the policy of the two great powers; the cold war appeared as the immediate result of their clash.

There is some truth in the assertion that many international complications could have been avoided in past years if the Americans and Russians had known each other better. That is the reason why the advocates of international rapprochement are delighted about this new event in Soviet-American relations: the exchange of visits by statesmen and private citizens, artists and sports groups. Unfortunately it took forty years from the October Revolution before the first high-ranking Soviet leader — Anastas Mikoyan — entered the USA to get a first-hand impression of the way of life of that country, its successes and possibilities. The reception of Mikoyan's visit in both countries, as well as in the rest of the world, was more than favourable. The artificial smoke screen was finally dispersed: recently Kozlov as well has been travelling across America and telling Americans that Soviet Union's only ambition is peace. His first-hand impression was that the majority of Americans also have the same goal. A group of American State Governors who have recently toured a number of cities in the USSR have discovered the existence of the same ideals of peace and a better life in the Soviet and American peoples. In Madison Square Garden the Soviet folklore group has shown the Americans the wealth and beauty of Soviet art and the Harlem Globetrotters have delighted the Leningrad citizens with their skill. It is a very good sign for the future that interest in mutual acquaintanceship has risen among the people of both countries, and that on both sides the desire is felt to raise the curtains further for both countries to gain better knowledge of each other and break down many prejudices and much suspicion. Such a development must have a positive effect on the normalization of relations between the USSR and the USA on the creation of a common belief that there is enough room on this planet for both of them, and that the two systems, if they wish to exist, must accept the necessity of peaceful co-existence and well-intentioned co-operation. This is an imperative of the time we live in, and therein lies the essence of political logic.

As Ilief and Petrov would say: „The ice is broken, gentlemen of the jury". There is a general desire in peace-loving circles in the world to melt the ice between Moscow and Washington. There is no need to stress what this would mean for the lessening of tension in the world and the stabilization of peace. And this could best be served by direct meetings and realistic talks between responsible representatives of the two countries and contacts and rapprochement between their citizens. Such a result is also expected from Nixon's visit to the USSR, regardless of the fact that it was announced in Washington that Nixon was not authorized to negotiate. Even if there will be no official talks and arrangements, there will certainly be thorough discussion of problems which are so well known that we need not enumerate them here. Since the Yalta Conference, Nixon is the first high-ranking American state official to come into direct contact with the Soviet Union and its leaders. There is a justified hope that the young and dynamic Republican leader will not miss this chance.

One must however express disappointment over some negative features which have been the overture and accompaniment of Nixon's visit and which throw a dark shadow over its aims and content, threatening that the old spirit of the cold war will also be transferred to this new field of Soviet-American contacts.

Why, for instance, before Nixon's departure, did there have to be caustic statements in the press and talks of official representatives in both countries? Moderation of such excesses would create a more favourable situation for talks on the problems which must be discussed without malice and tasteless allusions. And what was the point of the „Week of Enslaved Peoples" in USA, when it is quite clear to all that the old system has left the East European historical scene never to return? It is impossible to seek a *modus vivendi* with this part of Europe and at the same time pray for the resurrection of the phantoms of the past. This political blindness darkens the horizon of real possibilities.

As regards the exhibitions themselves, it would have been much more useful for the cause of American-Soviet rapprochement if the element of propaganda had been reduced to the minimum there. It seems to us that, though they are undoubtedly useful for mutual acquaintanceship, the exhibitions will miss their whole basic political aim if they are used as a specific form of the cold war between the two ways of life.

There are many problems to be discussed in a calm and objective atmosphere. If, in just one of them, Nixon and Khrushchev find a common approach, then the visit of the American Vice-President will justify the hopes placed in it by the peace-loving people in the world.

To our readers

The editors of the „Review of International Affairs" kindly request our readers to send their observations, wishes and objections concerning the general conception of the review, the amount of space allotted to the individual columns and subjects especially those relating to the Yugoslav reality, the treatment of individual subject and quality of the articles, style, language etc., to the editorial office, Beograd, Jovanova 16. The editors thank the readers in advance for the valuable assistance thus extended.

Negotiations on the Suspension of Nuclear Experiments

By S. MALIĆ

THE NEGOTIATIONS on the suspension of nuclear experiments which began in Geneva on October 31. 958, between the three nuclear powers have now reached the age where it would be reasonable to expect them to yield the apid acceptance of an agreement on the permanent prohibition experiments with all kinds of nuclear and thermo-nuclear rmaments.

The nine-month long negotiations, which cannot be said have progressed either quickly or smoothly, have never-heless led to the adoption of seventeen articles and of the reamble of the future agreement.[1] Although the largest part f the seventeen articles so far adopted are of such a charac-er that it was fairly easy to reach agreement on them, it ould be emphasised that among them are articles which esolve what were, in fact, some of the points of most fun-amental disagreement between the two sides in the negotia-ons: the question of the duration of the suspension of nuclear ests and the question of the preconditions for reaching an greement on the complete cessation of experiments. In anuary of this year, the Western powers abandoned their arlier attitude of insisting on the limitation of the suspension f tests to one year, which would then be renewed annually, n condition that the control bodies had functioned satisfac-orily and that progress had been made on other disarmament ssues. A compromise solution was found in that it was agreed hat the duration of the agreement should be unlimited and ith the proviso that each side could withdraw if it were stablished that the agreement had been dishonoured. The ontrol system would be studied and, if need be, expanded r supplemented every two years.

Nevertheless, although full agreement has not yet been eached on these questions, the standpoints of the two sides re close enough to render a compromise solution feasible. he British proposal that the number of inspections of the ontrol teams should be determined in advance could yield a ompromise solution acceptable to both sides. The USSR has lready accepted the proposal and has itself put forward a ormal resolution in that sense. By the acceptance of this ecommendation a large measure of agreement on the question f unanimity of the nuclear powers in the control commission ould simultaneously be reached, for in that case the USSR ould no longer insist on unanimity in the reaching of decisions send out the control teams for on-the-spot inspection, nor n unanimity in adopting the results of the inspection.[2] A ompromise solution is also in sight on the composition of he personnel of the control teams. The original extreme ositions — on the UK and USA side, insistence on the nternational character of the entire inspection teams of which he nationals of the country on whose territory the control ost is situated should not be members, and Soviet insistence hat the teams should be basically national in composition, nd that 4 or 5 foreigners in key positions would be quite ufficient to ensure the correct functioning of the control osts — were gradually modified into the „two thirds" compromise proposal. According to this formula, one third of the personnel of each post would consist of experts from foreign nuclear countries, one third of experts from non-nuclear foreign countries, and one third of national experts. The technical staff would consist entirely of nationals

Other difficulties which block the way to agreement, and which have appeared for the first time in the past few months, derive from the doubt which has arisen in the United States concerning the possibility of exercising effective control over experiments at great heights and subterranean explosions. As a result of this, the Geneva talks were plunged into a grave crisis. Taking this doubt as a point of departure, the United States proposed an initial agreement which would provide for the suspension of only surface experiments (the proposal advanced by President Eisenhower on April 13, 1959), while for the present atmospheric and underground explosions would be excluded from the ban. Further negotiations, however, largely succeeded in overcoming these difficulties. The focus in the negotiations has been again transferred to the general suspension of nuclear experiments (and not to discussion of partial suspension, which is inadequate for the present-day situation and therefore unacceptable). The problem of establishing whether there have been explosions at unacceptable to the majority of countries who rightly expect of the three powers who were entrusted with the solution of this issue, stated in their reply to the conference early in June that it was perfectly possible to detect such explosions by means of existing modern equipment, and that no technical problems existed.

As can be established from the course of the Geneva conference so far, the divergencies in standpoints have been so reduced in practice that the conclusion follows that, at the present, there are no serious obstacles to the signing of an agreement on the suspension of experimental nuclear explosions. The tendency to spin out the negotiations despite this fact, or one way or another to link them with the solution of other problems, that is, the issue of the general development of East-West relations, would be unjustified and unacceptable to the majority of countries who rightly expect a quick and final solution of this problem.

By now it has become increasingly apparent that the conclusion of an agreement on the suspension of nuclear experiments would mean an important step forward towards the creation of a more favourable international atmosphere and a relaxation of present tension. The achievement of an agreement would put an end to the increase in radio-activity, would take the further development of nuclear armaments much more difficult and would reduce the risk of a growing number of countries starting to produce nuclear weapons.

The danger of the further extension of nuclear weapons has merited special attention recently. The intention of some countries to join the ranks of the nuclear powers by holding their own nuclear explosions is at variance with the increased efforts being made to achieve the suspension of nuclear tests at the earliest possible date, and with the de facto situation that such tests are no longer taking place and the legitimate hope that they will not be resumed. This then is one more good reason for the negotiations to yield a quick agreement on the suspension of nuclear experiments. There must be a timely and correct appreciation of the dangers involved in any increase in the number of nuclear powers.

1 The Geneva negotiations are secret, hence all information is based on agency sources and not on official documents which are still unavailable.

2 The USSR has declared itself willing not to insist on unanimity amongst the nuclear powers in some other cases, under certain conditions.

Algeria and the United Nations

By R. KOZARAC

TWENTY-FIVE countries of the Afro-Asian group in the United Nations submitted an official request for discussion on the situation in Algeria at the forthcoming autumn session of the General Assembly. Thus the Algerian question will be placed before the highest forum of the United Nations Organization for the fourth time.

The French thesis that Algeria is an integral part of France is disavowed by historical, ethnographical, political, legal and other arguments. The five-year war in Algeria shows that the French thesis is still based exclusively on the argument of force. These two premises on which attitude of these nations towards the Algerian question is based are today accepted not only by those countries which accept the principle of the primary right of every nation to self-determination and which act in accordance with principles of active and peaceful co-existence, but also by many countries which formulate their policy on the basis of bloc conceptions. What is more, one can say that even the closest allies of France which have many mutual interests point openly or tentatively to the impossibility of the present situation in Algeria and to its acute and potential international implications

By the very logic of the case, the Algerian question could never, at any time, be a purely internal French problem. From its very beginning it was an integral part of the historical process of the decay of colonialism, a process which was most clearly expressed in the explosion of the nation freedom movement of the subject nations. There is no doubt that strict respect for the rights of nations to self-determination — one of the primary postulates of international law and the UN Charter — would enable this inevitable and important transformation of the colonial peoples into members of the international community to be carried out quickly and painlessly. However, colonialist inertia still affects various geographical latitudes and the colonial powers surrender their rights unwillingly. If the chain of cause and effect is examined with sufficient logical clarity it will be seen that it is precisely the application of outworn colonialist forms of power that nullifies the most democratic advances of the international community, leads to senseless and tragic bloodshed and permanently endangers world peace.

It is therefore quite natural that the United Nations — as the instrument of the international community securing the free development of all peoples and safeguarding world peace — has already had the Algerian question on its agenda three times. At the eleventh and twelfth sessions of UN General Assembly resolutions were passed which called for the examination of possible solutions of the Algerian question. At the thirteenth session of the General Assembly the Political Committee passed a resolution proposing talks „between the two interested sides with the aim of reaching a solution in accordance with UN Charter", declaring that the situation in Algeria endangers international peace and security and supporting the right of the Algerian people to independence. At the Plenary Session of the General Assembly there was only one vote lacking for this resolution of the Political Committee to gain the necessary two-thirds majority, but this fact alone showed the strong support for the struggle of the Algerian people for national freedom.

Meanwhile the situation in Algeria has not only not improved in the direction of the proposals of the international organization but, what is more, there has been an even greater intensification of the conflict. The policy of „pacification", which is nothing but the use of brute force, has not given the desired results; „the peace of the brave" is only a demand for capitulation; the obscure formulation of the new status of Algeria in the framework of the French community has remained too obscure even to offer any hope for the future. This is all that France has offered. The other side neither wished, nor was able, to give up its struggle for independence. It has made what was the essence of the demands of the United Nations and what is the most realistic and effective way of solving all conflicts and disputes: a proposal to negotiate.

In such a situation, further intervention by the international community is certainly necessary and can only be useful. The strengthening of the position of the independent countries of Asia and Africa in the United Nations, the further growth of the freedom movement of the Algerian people and the continuing unrealistic attitude of Paris, potential dangers which are not lessening but rather increasing and many other factors, give grounds for the supposition that the United Nations this time will support, to an even greater extent, the rights of the Algerian people, and will use its authority to pledge that Algeria too joins the recently independent nations which have succeeded in realizing their sovereign and independent rights.

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The European Question and the Working-class Movement

— After Visits to West Germany and Great Britain —

By Dr. Aleš BEBLER

AT THE end of June and beginning of July this year a group of Yugoslav members of Parliament visited wo countries in Western Europe. In the Federal Republic Germany the group was returning the visit made by e group of Social-Democrats of the Bundestag to Yuslavia this spring. In Great Britain it was on a private sit but had meetings with leading personalities of the ree main political parties — the Conservative, Labour id Liberal Parties.

The Yugoslav parliamentarians' tour coincided with e adjournment of the conference of the Foreign Miniers of the Four Great Powers in Geneva. For this ason both in Germany — which is being discussed in eneva — and in Great Britain — one of the participants the Geneva Conference — discussion on the European uestion was especially lively. In the talks held by the igoslav group the European question was examined om all sides. In this way we gained a fresher, extremely ngible impression of the present standpoints of the gornment and opposition parties of these two great West uropean countries. At the same time we were able in ese talks to test our, that is the Yugoslav, judgments id attitudes on this crucial problem for peace — the uropean question.

As it is impossible in one article to cover everything e heard and said in these talks, I shall try to illustrate st one, in my opinion the most important, aspect of e European question which we discussed.

During our visit to West Germany and Great Britain, at is during the Geneva adjournment, the opinion preiled in democratic public opinion and among the leaers of these parties, that the new Berlin „crisis" of is year is not a matter for great anxiety. The first stage the Geneva talks and their adjournment were reirded as a start towards the solution of the German id European question, a start which will not bring sentional results nor change the situation, but which also ill not be so insignificant that future talks will be ndemned to failure in advance. And on the other hand, e more or less ensured, initial results, such as the prosible success of the conference on the discontinuance nuclear tests, justify to a great extent, democratic cirles consider, the method of continuous talks between ast and West, including talks on the highest level.

Such an appraisal of the first stage of the Geneva lks and such an outlook for the future shows a rather ofound change in the mood of democratic public opion in Western Europe. It seems that a large part of is public opinion has turned, or has just started to turn, back on the barren theory that there is no point in lks with the other side because it is not to be trusted. That is a change towards understanding that trust and distrust are relative, that both of them can be built up and achieved, that the rôle of public opinion — both in the West and in the East — is of immense importance. Of course, evolution in this direction only became possible in the last few years, when democratic public opinion in the West was persuaded by facts that Eastern public opinion — the spontaneous public opinion of the masses in the East — exists as a real political factor.

Several other signs in West Germany and Great Britain confirm the above judgment of a tactical situation and the significance of such a judgment.

Here in the first place one must mention the fact that in the largest continental workers' party, and that in the country directly concerned, namely Germany itself, there has been a change in the formulation of the German question, the question of German reunification. It is enough to remember that in the „plan for Germany" one West German party, for the first time, has put the problem of reunification from the standpoint of lessening East-West tension, instead of — as was characteristic in the earlier sharp phase of the cold war — from the standpoint of a Western victory in the cold war. Whereas reunification was then considered as a forced transfer of East Germany from the East to the West (which in practice could mean war), the „plan for Germany" states, to quote exactly, that „reunification can only be the result of a process in which both parts of Germany will grow together again". In this process, East Germany, which was completely unrecognized up to now — and which was formerly called the „Eastern Zone" — is a „state party to an agreement" with which joint bodies are set up with the aim of bringing the two parts of Germany together.

This „plan for Germany" does not omit the logical supposition that such a process of reunification is only realizable with the lessening of East-West tension. Just as it speaks of the need for lessening the tension between the „two German governments", so it also states that the *„basis and nucleus"* of the plan itself represent the creation of a „zone free of military tension and a European agreement on security" (the Gaitskell and Rapatzky Plans).

This close connection of the process of cohesion of both parts of Germany with the disarmament of Central Europe, and the proclamation of this disarmament as the „basis and nucleus" of the whole plan, gives to this plan a democratic, peaceful character. By it the axis of the foreign policy of the West German social democrats has moved from the Atlantic circle towards a non-bloc conception.

In Great Britain, where both the government and the opposition have been very active in realizing the initial results so far in the East-West talks, the German question was even earlier treated with more flexibility. In the country from which came the Eden and later also the Gaitskell Plan regarding this question, the new era could not be so remarkable. But it was therefore more remarkable in a wider region — in the field of disarmament. Just at the time of our visit to that country the Labour Party and the Trade Union Congress published a declaration „on disarmament and nuclear warfare", in which they realized with pleasure the *de facto* discontinuance of nuclear tests which has lasted since November last year. In this declaration the signatories undertook the obligation that a future Labour government would continue this stoppage even if the other Great Powers were to start tests again, and that it would take the initiative in forming pacts with all member-countries of the United Nations, except the USA and USSR, for complete nuclear disarmament („the non-nuclear club"). One of the largest trade unions discussed at the same time — and later passed — a resolution on the details of unilateral British nuclear disarmament.

The British working-class movement has thus gone further in a question of immense importance for calming the world and especially the European atmosphere. In supporting the German Social Democrats' „plan for Germany" directly and expressly, this working-class movement is supporting the tendency to solve the German and European problems on the lines of the Gaitskell plan for the relative disarmament of Central Europe, at the same time taking new initiative in the field of general nuclear disarmament.

I am mentioning these facts again to illustrate the impression that the initial successes in the East-West talks, although modest, have influenced the great political forces in the Western countries, above all in Federal Germany and Great Britain. It is natural that this movement is headed by the democratic left wing, that i the working-class movement of those countries.

The former victims of German militarism and Germa expansion are apt to think that it is better to leav Germany divided *if* it were going to be reactionary. O the other hand, it is undoubted fact that it will be a the more reactionary the longer it remains divided. Th division breeds reaction on both sides of the demarcatio line.

Where then is the way out? Where is the way ou of the German problem for Europe? And who can turn th wheel of history in the right direction?

The way out lies only in the reunification of German and the reunification of Europe. And this way out ca only be found by the democratic forces wit the democratic left wing, that is, with th working-class movement, at its head. Only th German working-class movement can unite German without a war (and without increasing the danger o war). Only such a democratic reunification would b acceptable to the other Europeans. Only such a reunifi cation, therefore, is really practicable. The condition fo this is a considerable lessening of East-West tensio leading to the creation of a really disarmed Centra Europe and to a tranquil Europe. Such a reunificatio would strongly influence the further settling and disarm ing of Europe and the rest of the world.

The direction taken in this question by the tw greatest working-class movements in Western Europ leads directly to the realization of this aim. The way t its realization is very long and hard. But, as it is the onl possible way, no other working-class movement in Europ (or beyond) would dare to waver in its acceptance an support of the efforts in that direction of the working class movements in the countries most concerned.

As far as the Yugoslav working-class movement i concerned, its support for the above-mentioned efforts i complete and unconditional.

THE PROBLEM OF „ACQUIRED RIGHTS"

— The right of liberated countries to free themselves of the vestiges of colonialism —

By Dr. Milan BARTOŠ

DURING the nineteenth century a set of legal rules was formed known as „the legal position of foreigners". These rules, appearing simultaneously with the development of colonialism and the invasion of still undeveloped countries, especially in the East, by imperialist countries, had as their main feature respect for the principle of acquired rights and states' obligations Under no circumstances could the importers of capital be prevented from unhampered development of their capitalist activities. They even maintained the attitude that the state did not have the right to take away the foreigner's concession even by applying social reforms.

On the other hand, between the two world wars, a new, somewhat more liberal, but essentially identical code of laws was formulated by the International Court in the Hague. According to this code, a sovereign state has all rights to pass laws representing social reforms and to apply them to its own citizens and foreigners alike, However, while international society has right to check on whether these sovereign measures of the state are causing damage to the acquired rights or property interests of the country's citizens, yet the international society does have the right to demand that the state passing reforms should treat strangers on its territory more leniently. A foreigner according to this code no longer has the full acquired right to keep his concession or the acquired right in that form in which it was gained, but the state may not take away his property without paying him in

convertible currency the value which it represents on that untry's market. This is the famous theory of the well-known ıris professor, Jèze, according to which the sovereign author- y may change the essence of the acquired property rights of tizens but it should not be forgotten that it is its duty to store financial balance after the changes. This means that e state may take away the rights, change them, but may ot deprive the foreigner of financial compensation to the ll value of the nationalized property.

One of the more difficult conditions of this new code, hich is essentially more liberal and progressive than the old octrine of acquired rights and of not changing their form, that the so-called financial balance (that is, payment in convertible currency) is having to be made precisely by ese states with a limited capability for liquid and immediate ıyment. These were mostly countries which regarded na- onalization of foreign industry and withdrawal of foreign ncessions as part of their liberation from the oppression imperialism, under whose influence they had fallen just :cause they were underdeveloped and lacked their own ipital for financing their own construction or buying off reign investments. In rare cases the state was capable of ıying compensation immediately after withdrawal of the reigner's acquired rights, having liquid means of inter- ıtional payment. It was usually, however, a matter of poor ıntries incapable of freeing themselves immediately from ir obligations towards foreigners and which were chased ıd sued not because they renounced their obligation re- ırding compensation but because they were unable to find ieans to repay their debts. For a long time in the future ternational society will be asking individual debtor-states be absolutely solvent regarding foreigners, whenever it a question of the state's responsibility for the debt arising om its obligation not to act against a foreigner's acquired ghts.

The question gained a completely new aspect when the ght of a nation to self-determination and the creation of sovereign state was recognized. The new government, ccording to the old theory, would be obliged to recognize l the rights on its territory which foreigners had gained fore the creation of the new government. Is that really ational liberation then? If such were the case, then the rmer colonies would never be able to free themselves from e essential part of colonial slavery — from exploitation. The w theory is based precisely on the principle that a new ate is not obliged to take into account the rights acquired concessions or reforms made by the former colonial asters. What liberation would that be, if the new national overnment had to respect and pay compensation for the roperty rights which foreigners, mainly protegés of the former olonial masters, gained before the liberation of the now ee territory. A classical example is Indonesia. The colonial aster took, after some symbolic payment, the lands which, om time immemorial, had been cultivated by the natives. hese considered it the greatest injustice to be driven off eir land so that it could be handed over to the colonists rought in by the colonial master to enslave the country nd secure its power at one and the same time. If the natives annot regain after liberation the very land for which they ave longed and which they regard as theirs, then they do ot see any real meaning in political liberation. Liberation, some way, must be a return to the former situation. Thus, beration accompanied by full respect for acquired rights eans transfer of political authority without the real libe- ıtion of the country, which continues to be of a colonial pe.

A few years ago a completely new theory was put for- ard that newly liberated states are quite free to deprive their rights those foreigners who, at the time of the libe- ation, were in possession of certain rights because they used ie authority of the former colonizer and because their rights represent an obstacle to the justifiable relations and complete fulfilment of sovereignty in the liberated state. Most states took the view that right belongs to the newly liberated states, but that the new states remain responsible for paying just compensation perhaps even in installment, paying according to their payment capabilities, which is certainly a step forward. This step has alarmed those still living in areas of capitalist exploitation. They have employed the lawyers of their countries in every possible way to revive the old rules on acquired rights: that the new government is obliged to respect everything established at the time of complete or partial dependence and that the new state is obliged to pay full compensation to any holder of a right, even to one who, by the act of colonialization, gained possession of land which had been taken away from the native inhabitant without any compensation.

The Suez crisis caused great alarm in this field. The main question asked was whether or not Egypt had the right to nationalize. The attempt at armed intervention by Great Britain and France was based on the idea of respect for the acquired rights and interests of the capitalist shareholders of the Suez Canal Company. As we know, aggression occurred, but ended in the defeat of the aggressor. We also know that Egypt stood by her determination to nationalize the Canal and that after the defeat of the aggression there were talks on the amount of partial compensation to be payed to those who had been deprived of their acquired rights by the Egyptian reform. However, the right of Egypt to make reforms of an economic character in her own territory is internationally recognized. This is the use of a right of a sovereign state and not a misuse of power for which Egypt could be held responsible. The case of Egypt has remained characteristic of the whole problem. It is not so drastic as the question of the fate of a certain recently dependent country in Central Africa. However, it is a political recognition that peoples liberating themselves have the right to free themselves also from the presence and pressure of foreigners.

The attempt made everywhere to define these rules which set out the rights of foreigners is reflected in the ever greater willingness of all international bodies to consider the problem of the responsibility of states to pay compensation for foreigners' losses.

In this respect the fight is taking place for or against nationalization in all parts of the world where the interests of the former colonizers and imperialists in general meet the interests of the citizens of recently liberated states. The capitalists succeeded in forcing discussion of the problem of their acquired rights even by the United Nations Organization. It is on the agenda of the Commission for Codification. Ever since 1957, the question of nationalization with regard to the responsibility of states to pay full compensation to foreigners who suffer losses through this action has also been on the agenda of the World Society for International Law. All this causes dissention in these organizations. Two ideas. two doctrines, sharply conflict It is not only the factor of the division of the world into the capitalist and socialist camps which intensifies the clash. Nations which are freeing themselves or gainig independence deny that the rules of acquired rights are inviolable. During his visit to some Asian and African countries, at the beginning of 1959, President Tito paid close attention to this problem and stressed that progress in the liberation of colonial states had certainly been achieved, but emancipation by itself did not remove all vestiges of imperialism and that progressive nations, in the same way as they helped these peoples to free themselves, also had a new duty to help them to throw off the vestiges of colonialism which were met in the everyday economic life of the liberated countries.

This problem has been placed for concrete solution before the United Nations' Commission for International Law. Some Harvard University professors have worked out a project

regarding the responsibility of states to pay compensation to foreigners for unjust actions carried out on their territories, and proclaimed as illegal any violation of acquired rights. The lawyers of all debtor-countries in the world and all members of the Commission which belong to the Afro-Asian group of the countries, spontaneously opposed that idea. The Commission quickly came to the conclusion that the Harvard project was a one-sided viewpoint of American lawyers, reflecting the interests of a country which exports capital, that the project is based on old principles of the legal position of foreigners and that the proposers had not borne in mind the reforms undergone by international law and the evolution of international society.

The chief pillar of modern international law is the United Nations' Charter. It guarantees non-interference by foreign states in the internal life of any state. However, just as this non-interference must be respected in the normal life of a state, so nobody can deny the right of a newly created state to oppose interference while destroying the vestiges of colonialism. This is not violation of acquired rights but the removal of the vestiges of colonialism. What is done by a new state authority is not unjust, but its right to complete liberation. All this changes the basis and amount of eventual compensation. The liberated states do not bear responsibility towards states whose citizens gained property during colonization up to the full value of their acquired rights, but only to pay eventual compensation for that brought into the now liberated countries with good intentions. There is no compensation for removing them from the liberated land. There is no compensation for their cessation of activity. There is no blame for nullifying the legal acts of the former colonial masters. Political emancipation contains in itself the right to economic emancipation. The lawyers of the countries whom the above ideas do not suit did not stubbornly defend the principles of the Harvard project. They found a tactical method. They agreed with the majority that the question was not yet ripe and that it could not be solved. They accepted that it must be treated in a manner which takes into account the right to self-determination and the right of nations to remove the vestiges of colonialism. But here also a measure must be found not to allow them to be accused of unjust enrichment. The project was quickly withdrawn to be studied further. The question arises whether its authors will support it when all the clauses concerning the liquidation of colonialism have been inserted in it. But one thing is certain — that the acquired rights of foreigners are not a sacred thing before which all states must bow, especially those which have thrown off the chains of colonialism. These rights must not and cannot be an obstacle to social reforms. The state is free to make use of them on its territory to the extent it requires, and the only open question is the one concerning the amount of eventual compensation.

The United Nations' Commission for International Law has not solved this question. It has postponed it again, just as it has already been doing for seven years. It is probable that, in the framework of the conflict between East and West and between the former colonialists and the newly created states, a crystallization of the new rules is taking place in the spirit of the acceptance of the rights of peoples and communities to freedom.

Economic problems

America's Changing Economic Problem

By Earl BROWDER

I.

IN THE ECONOMIC recession that struck America toward the end of 1957, the heaviest immediate factor was the 25% drop in goods for capital investment. Total production of durable goods fell from $ 90 billion to $ 69 billion. The ratio of decline in the gross national product was 5½%, or a total of $ 24 billion, showing that the decline in the rest of the economy was only $ 3 billion. The same feature occurs in all the three post-war recessions, they begin with and are largely confined to the durable goods industries. They are disorders in the process of capital formation, some obstructions delaying the transformation of realized profits into capital as required for normal expansion.

In the 1920s, after the First World War, the norm of capital investment averaged around 10% of the gross national product; the same rate holds good for the years since the Second World War. When the rate drops below this norm or rises above it, there occurs a corresponding trend to depression or boom which begins in durable goods and, on a rising scale, extends to the rest of the economy until the rate returns to the norm.

Statistical orientation points over the past half-century are given by the gross national product (expressed in constant 1957 dollars) which was $ 112 billion in 1909; $ 196 billion in 1929; and $ 440 billion in 1957. As the population doubled in this period, the quadruple product means that per capita output doubled. „Output per man-hour worked" increased on an average by 2% per annum over the whole half-century, while the number of man-hours worked expanded at an overall rate of 1%. While persons employed increased by 1½%, one third of this was offset by reduction of the working hours.

The rate of expansion since 1929 has been higher than the earlier period, showing a certain speeding up despite the Great Economic Crisis that opened the last 30 year period. Gross national product increased by 2½ times, capitalization doubled, while the number of man-hours worked expanded by two-fifths. Or, stating it in percentages, output increased 125%, capital increased 100%, while man-hours increased 40%.

These statistics reveal the dynamics of growth of the modern American economy. They do not show the potential

the economy, but only its actual performance on the erage after absorbing the shocks and losses of the Great onomic Crisis and the Second World War.

If the American economy had continued the upward end of the 1920s, for the next 30 years, its cumulative oss national product would have been about $ 1,000 lion more than its actual performance. The direct with-awal from the economy for the Second World War was out $ 600 bilion. (All comparative figures are in constant 57 dollars). These losses total more than the cumulative pital investment for the whole 30 years. America lost more m the crisis and the war than it invested in the machinery production.

If in the previous period the great American economic oblem was how to survive crisis and war, with an expand-g economy, this has now fundamentally changed. There can no realistic expectation of any national economy surviving Third World War of electronically-guided intercontinent-atomic misiles. The possibility of avoiding the Third orld War will be reduced to a minimum if another Great onomic Crisis takes place in America. The economic pro-em of America is today, therefore, to avoid another great onomic crisis as the price of survival. Its second problem to realize a boom, a great stride forward proportionate to r tremendous scientific and economic assets, as the price continuing her century-long role of world leadership in onomic life.

II.

DOGMATIC Marxists and those under their influence believe that a major economic crisis, equal to or eper than that of 1929—34, is inevitable.

Each time the dogmatists saw signs of depression in nerica, as in 1948, in 1953, and in 1957, they have hailed as the „onset of the inevitable crisis". Each time they have th chagrin seen relatively quick recovery to new high levels.

Nevertheless the 1958 recession showed more sharply an the previous two, those factors that threaten, if not ercome by conscious policy and planning, to bring a major onomic crisis. It showed that the „built-in cushions" ainst depression, although valuable and effective, are erly inadequate to deal with a major dislocation at the e of the economy. Above all, it showed that a shortsighted vernment policy can *initiate* a recession as well as a e policy can stop one, that it is not governmental interven-n that is to be feared, but only *stupid* intervention that sumes that „what's good for General Motors is good for nerica".

There is no doubt that actions of the administration tiated the 1958 recession. Early in 1957, disregarding the vice of the most authoritative economists, and responding pressures from narrow business circles rarely noted for a ad view of national interest as a whole, the government clared for „deflation" with special emphasis on halting advance of wages, and sounded the alarm against „infla-n". It put increasing limits on credit expansion, raised erest rates, made huge cuts in government procurement grams not for cutting expenditures (programs as a whole uld remain in force) but for the psychological effect on market at the crucial moment. Thus, instead of pushing k the cyclical trend to deflation, the government deliberate-y brought it to a head and strengthened it.

The chief cyclical influence, hesitation in the current of pital formation, had been strengthened by the rise of new tomation techniques. These, amounting to a veritable new dustrial revolution in potentiality, had matured during the 50s. In the industrial hierarchy those circles that make cisions on investment, in face of this impending technical volution, cut back the programs based on older techniques fear they would become obsolete overnight, but still sitated to go ahead full speed on the new techniques until they had fully proved themselves in performance. Thus there was a special and unusual influence, not recurrent, making for a lull or hesitation in the current of capital formation.

The depression exhausted itself in about six months. The second quarter of 1958 already began the ascent out of the depression which was almost completed by the end of the year. By the spring of 1959 economic activity began to enter new high ground. Durable goods production had fully recovered. Automobiles began building up to what looks to be its biggest year, despite a mounting invasion of the market by imported cars. Non-durable goods have set new high production records ever since August 1958.

A special feature of this recovery is that employment has not kept pace with production. In the prosperous years of 1955—57, average unemployment of the labor force was 4.3%. In April 1958 this rose to a danger point of 7.5%. In April 1959, with production fully recovered, unemployment declined only to 5.3%. The 1% of increase remaining after the recession is a rough measure of the efficacy of automation displacing labor in a scattering series of plants, so strong that it affects the whole country to the degree of displacing 1% of the labor force as a whole, including the vast majority still using the old techniques.

In the long run this 1% of labor displaced is the most significant figure to emerge from this study. Automation is being introduced slowly. As it accelerates its speed, as it will with the realization of amazing leaps in productivity, this key figure will expand correspondingly. The tremendous readjustments in labor relationships, and in society as a whole, that this will call for cannot be overemphasized.

Automation with its perils and promises is the key dynamic single factor changing the form of the national economic problem, and giving it new dimensions. Its perils lie in the straining of class relations within the country, while widening the gap between America and the less-developed countries, putting a further strain on iternational relations. Its promise comes from the rapid expansion of the national surplus product, which with wise leadership can become the foundation for reforms at home that will ease the class struggle, and economic aid to the underdeveloped lands, not on the present pinch-penny basis but on a scale commensurate with the grandeur of the American economy itself.

III.

WAS THE recession of 1958 „inevitable", was it really unavoidable? One may safely give this question a negative answer. There was no necessity that the government should plunge for deflation at the moment when a degree of inflation was called for. Instead of the $ 24 billion decline in the national product, there could just as well have been realized the expected $ 12 billion advance, if not more. The net loss of $ 37 billion was a penalty paid for a policy directed by prejudice rather than by the national interest Because the market, under the discouragement of government policy, cut back its demand by $ 37 billion, that particular production was simply lost, lost forever, never to be recovered.

The government could certainly have brought the missing demand into activity if it had tried, instead of doing the opposite. Simply by encouraging expansion instead of penalizing it would perhaps have brought this about But for the sake of argument one may admit the most difficult of the problem, where governmental intervention directly in the market is required. Even then, to save that $ 37 billion of production that was lost, the government did not need to go on the market with the same amount of credits, or even a major fraction of it; the effect of such governmental intervention is usually from five to ten times as strong as the stimulus.

Thus, take the hypothetical case that the government early in 1957, saw the signs of a threatening recession, instead of being frightened by the bogey of „inflation". It

decided, and won the country's support for its decision, to place $ 10 billion at the disposal of the United Nations, to be controlled and administered by a Commission for Economic Development of the under-developed lands. To avoid the headaches of unilaterally distributing this, in arbitrary fashion, and to guarantee its most efficient use by using the rival recipients of the credits as mutual watchdogs, America would leave the conditions of use of these funds to United Nations' control, with the single proviso that it be put to use as expeditiously as possible.

There is not the slightest doubt that such an act would have given an enormous stimulus to the economy, not only of America but of the whole world. It would certainly have prevented the recession. Probably the credits would be repaid in the course of 20 to 30 years, and the net cost would be nothing at all. But even in the case that all the creditors defaulted, which is admitted only for argument's sake and could never happen, America would simply have paid $ 10 billion to save $ 37 billion. It's „charity" would have paid a handsome profit of 270% in one year, that would have put to shame the rates of profits of all our great trusts and corporations. It would have „created" this $ 37 billion, quite literally, simply by putting to use the means of production which otherwise remained idle.

In general, there is no „inflation" in the exact meaning of the term when expansion of credit is limited to making use of otherwise idle means of production. Technically, the means of putting such production into effect may be called „inflationary policy", but there is no inflationary result except when the credits exceed the available means of production, and therefore merely compete with the normal demand and force up prices. In the latter case, the credits are dissipated in higher prices and no increase in production. But in our example there is no disruption of the market, because the credits put into motion machines and men otherwise idle and an economic loss.

IV.

THIS STUDY closes with a glance to what is happening to class relations within the American economy. The class struggle over division of the national product is, of course, a permanent feature of American society and a very lively one indeed. At the moment this is being written the nation seems on the verge of a national steel strike, which may close down the heart of American industry. The workers demand higher wages and fringe benefits scaled to the prosperity of the industry. The employers say the workers are too prosperous, and spend huge sums advertising the union's own claims about what wonderful gains they have made. Stockpiles have been built up, in anticipation of a strike, amounting to 5 or 6 weeks normal supply. Before this is in print the strike will be on, or will have been settled with a compromise. The steel workers now have a wage averaging over $ 3 per hour or $ 24 per day of 8 hours.

On the other hand, a typical „depressed area" of American labor is revealed by the current strikes in New York City hospitals, where the service personnel are demanding something better than their current wage of about $ 35 *per week*, about the same as steel workers earn in 11 or 12 hours

Building trades workers, bargaining on a local rather than national scale, are in better position than the steel workers. Their average over-all rate is $ 3.40 per hour, inclusive of common labor which often earns close to the steel workers rate.

The average wage in general manufacturing is around $ 90 per week, and in durable goods is around $ 98.

The ratio of distribution of the national product, as between capital and labor, has swung during the past 30 years in favor of labor, with some zig-zagging, but has bettered only slightly during the last ten years, when labor has not displayed its former militancy, while government has been more active in support of employer resistance to labor. To trace out these ratios in the statistical record is a very complicated matter, because this record is not constructed for that purpose, admirable as American statistics are in general, probably the most comprehensive and reliable in the world.

* * *

IN CONCLUSION, America's economic problem is not clearly disclosed by its past performance, but arises mainly from the challenge of the immediate future. Its past furnishes only the plateau from which its future must develop. But with automation on its modern scale, that future must soar far higher than the past, or it fails; it cannot remain on the old plateau. It must stride forward, or gradually fall behind in the world race.

Italy and the Common Market

By Raffaelo MONTUORI

A CRITIC — certainly not indulgent in his viewing of European problems — said that the Common Market was like a premature child which needed a longer period of incubation before it could become strong and lively. We do not take such a pessimistic view when appraising the result of the deliberations of the prominent men who worked out the draft of the Common Market sanctioned by the Rome Agreement

It is clear that a final pronouncement on its effectiveness cannot be made before a certain period of time, necessary for its full implementation, has elapsed. The initiators and authors of the plan for the Common Market have themselves been cautious with regard to a future final judgement of their work. Nevertheless, any objective observer can already judge whether the seed was such as to produce a good harvest.

Experts on the market in Italy regard the situation arising from the setting up of the Common Market, at least as far as the sectors of circulation and exchange are concerned, in this way. The Common Market presupposes homogeneity, if not identity, of all factors which condition exchange: costs of production, degree of influence of fiscal taxation, the buying power of the respective currency, previous production capacities, wealth of natural resources, an harmonious level of wages and salaries, production of the corresponding means of production, a quantitative relation between industrial and agricultural production.

Since the coincidence of all these conditions in one union of markets is almost impossible, and even if it existed it would destroy all incentive for exchange, states, under conditions of separate markets, resort to correction of the

ferences by a combined system of public taxation within arkets and by various customs regulations for the protection their production against foreign imports.

The creation of the Common Market was not preceded the appropriate research, and indeed could not have been eceded by detailed analytical-statistical investigation, since is would have delayed its formation for a whole decade. tempts were therefore made to formulate the scheme of the nvention in which it was desired, *a priori*, to ascertain rtain guiding principles, inspired by the belief that even dinary liberalization spontaneously leads to that structural mogeneity of the market which is the fundamental pre-ndition for the levelling of the initial conditions for all nds of exchange. This conception is certainly arbitrary id demands, as a practical corrective, a longer period of ttling down, which cannot yet be said to have even arted.

ALY'S REACTION

It might be said in general that the implementation of e Rome Agreement has mostly affected those countries hose economic structure is constitutionally the weakest. It obvious that organisms physically exhausted as a result inherited or acquired weaknesses need protection or rturing before entering an unequal struggle for existence. Italy, poor in natural resources and sources of energy t rich in manpower, has always had an unfavourable balance relation to those countries more generously endowed by ture or perhaps better organized politically and adminis-atively. Faced with a problem of surplus manpower, Italy's ading men believed that emigration was the only solution, ot realizing that man is the prime and most valuable natural ealth, which should not be wasted. This is a familiar fact England who, after having dispersed her qualified and qualified manpower all over the world, became, at a certain eriod, dependent on her colonies, although her safes were ll of gold and money.

The war further aggravated the already difficult situation Italy, just as it affected the whole of continental Europe. troducing other strong competitors to the market. Until 914 Europe was incontrovertibly the centre of the economic nd political life of the whole world. After 1914 followed e period of decline in its importance. Under the pressure war needs, it was forced to seek assistance from other owers whose industrial potential exceeded their internal equirements and who, after the war, were in a position to estroy European primacy. The Second World War, with its estruction and devastation, brought the declining cycle of is continent to its lowest point. Production, decreased by least a third from its former capacity, pointed to the iscrepancy between the growing population and the inade-uate level of consumption. The damage to the railways and the system of communications in general, further aggravated he already difficult situation regarding the distribution of he reduced volume of products. In such circumstances, there ould be no talk of rebuilding, in the sense of Europe, like ie phoenix, rising from the ashes, but only of assistance. elp was, to a great extent, provided by the United States hich realized that it was pointless taking the leading role om Europe when it had lost even the menial role of a onsumer. But the leading class in Europe very soon realized iat the system of subsidies and assistance could not last for ver and that the cradle of civilization could not reconcile self to the role of a miserable servant in the world in which was for centuries the master.

The first idea of spontaneous reaction consisted in the o-ordination of assistance and the bringing together of the rviving forces for permanent and unified co-operation. ence the formation of the European Organization for Eco-omic Co-operation (O.E.E.C.), of which the statute, formu-ted in 1948, provided for: the bringing together of national economic forces; maximum utilization of production capacities; expansion, modernization and development of industry and agriculture; reduction and finally abolition of customs tariffs; increase of exchange by way of progressive liberalization; efforts for full employment; guarantee of stability and faith in national currencies. The services performed by O.E.E.C. were invaluable and had as their aim the creation of a real European economy of a unified character. It lacked, however, that political stamp without which there can be no mention of European unity, since economic and political factors cannot be separated. A decision by a government can alone nullify the advantages expected by members; not a single economic measure can be undertaken if there is no political sanction which ensures its fulfilment. This was understood in 1949 when the Council of Europe was set up, composed of the Committee of Foreign Ministers and a Consultative Assembly. Its purpose was „the consolidation of peace on the basis of justice and international co-operation". This noble attempt did not result in the creation of a concrete body since it lacked federal links or powers of effective decision which would ensure unanimous or majority assent for joint action. All efforts to create a real parliament with general voting rights, capable of carrying out a real European policy have so far fallen through owing to mutual distrust among members, who are afraid to transfer certain national prerogatives to a central body, and perhaps owing to the difficulty of organizing a supra-national authority powerful enough to replace national authority. A constitutional assembly could offer an opportunity for a thorough study of the conditions for the creation of a real supra-national union, but the leaders of world politics cannot surrender their leading roles, nor, however, are they sure of success in the four-power conference in a world in which the contradictions of political systems are having an ever more unfavourable effect on unification.

The Common Market has already greatly gained in favour since it seems that it could represent the embryo of a European organization and, perhaps, later, of a pan-European organization, around which the co-ordination of efforts for the common interest could be concentrated. But, as has already been mentioned, the separation of the political factor is incompatible with real economic unification. Public taxes, for example, with their varied pressure, undoubtedly influence production costs and cause divergencies in trade exchanges. This particularly applies to indirect taxation which primarily hits consumption, affecting wages and salaries and the prices of goods. However, in the case of the Common Market, since free circulation of capital among the countries of the union is possible, direct taxation can also influence the formation of prices and cause, on the other hand, the flight of capital to countries less affected. However, the decisive influence on the functioning of the Common Market is the monetary policy. It seems very odd that in the various meetings which preceded the Rome Agreement no mention was made of the monetary chaos which characterizes the post-war period, causing the greatest economic disturbances. As long as governments remain completely independent in the fixing and changing of the exchange value of their currencies, regardless of their real purchasing power, a really stable Common Market cannot exist. What would happen at an ordinary village fair if every buyer of the offered goods produced a different currency?

Italy has undertaken no measures which would lead her away from the principles laid down in the Rome Agreement; on the contrary, she has constantly directed her efforts towards greater co-ordination of trade activities, not only in Europe but elsewhere. At this point, I should like to recall with pleasure the initiative shown by Genoa, the old master of exchange, through the medium of the Economic Section of the Chamber of Trade, initiative worthy of its traditions. In June this year, a meeting was held in Genoa of Italian economic representatives and interested business men from

overseas territories belonging to the member countries of the Common Market. Also present as observers were representatives of some other countries which are interested in trade exchanges with continents bordering on Europe.

This issue is very important for two reasons. Firstly, because international competition within the Common Market will doubtless be greater in places where certain member countries have for years had established and constant exchanges with the productive zones of colonies or territories which were formerly colonies. This represents a consolidated privilege which would be rather difficult — and even inopportune — to change.

On the other hand, membership of the Common Market should exclude all preferential treatment towards third countries, that is to say, towards those which are not members of the Common Market. This would affect the obligations of business men to those countries; because of the links created before the formation of the Common Market, they cannot be expected to break off or restrict their foreign exchanges.

The meeting in Genoa was unable, at its first session, to deal with all the difficult problems that have emerged, or will emerge, as a result of the implementation of the Common Market. However, at the outset of its work, certain problems demanding immediate solution were put forward and the programme of future activities was drawn up.

First of all, to remove some of the difficulties, a classification was made of overseas territories with direct or indirect relations with the Six of the Common Market.

CATEGORY A

To this group belong the independent countries in the Franc Zone (Morocco, Tunisia, Vietnam, Laos, Cambodia, the Condominium of the New Hebrides), Surinam, the Dutch Antilles (which were excluded from the Rome Agreement by a separate protocol), Libya and the former Italian Somalia when it gains independence. The signatories of the Agreement have announced that they are ready for negotiations on the formulation of modalities of the future inclusion of these territories.

CATEGORY B

This group consists of Algeria and four French overseas departments, as well as Martinique, Guadeloupe, Guiana and Reunion. Here it is a matter of territories completely assimilated with Metropolitan France as far as customs are concerned. Article 227, paragraph 2, of the Agreement provides for the inclusion of these territories in the European Economic Community from its very inception. Only certain aspects have, however, been implemented since the Agreement came into force.

CATEGORY C

To this category belong overseas territories which were not included in the Community but which were added to it according to certain already established modalities. This group consists of French West and French Equatorial Africa, St. Pierre and Miquelon, Somalia, New Caledonia, French Oceanic Settlements, the Belgium Congo and Ruanda Urundi, New Guinea and Italian Somalia until 1960.

The procedure for the inclusion of these countries is provided for in the fourth part of the Agreement, article 131 to article 136.

ITALY'S TRADE LINKS WITH OVERSEAS TERRITORIES

Until now, Italian imports from these territories was insignificant. Her exports to them were even more insignificant. Italy is very interested, however, in acquiring a more important role in this sector for her sea transport which she carries out for third parties, particularly those of Central Europe.

Besides this, the large number of business men from all over the world (360) who took part in the meeting in Genoa, shows the great interest aroused by this meeting the first of greater importance held after the coming into force of the Agreement on the Common Market.

It would be useful not only for Italy but for all members of the Common Market to organize meetings like the one in Genoa on all sectors of joint activity, inviting to such meetings representatives of other non-member nations with which, after all, the exchanges are to be made. In this way the criticism that the Common Market has led to artificial barriers in world trade could be refuted.

It is Genoa's undeniable merit that it has, within the framework of exchanges with overseas territories, formulated a method which can give significant results, opening, the way for the Common Market to expand its concrete activities in those zones which do not fall within the narrow framework of its competence.

Sub-regional Economic Groups as a Disruptive Factor

By Nenad POPOVIĆ

AT PRESENT, when the Common Market in Western Europe is already in the initial phase of its formation, and when, in addition, seven Western European countries are reaching agreement on the creation of a Free Trade Area: when similar ideas are circulating in the countries of Latin America, the Middle East and Asia; while at the same time the Eastern European countries are introducing a planned measure of economic integration within the framework of the Council for Mutual Economic Assistance (CEMA), — the question which must be posed is where these various developments will lead. It is probable that a comprehensive answer to this question would contribute much to the understanding of these developments.

While it is at present difficult to foresee the ultimate shape and outcome of these trends, it is easy to establish their origins. In the course of the past two or three decades every country has attempted to solve its economic problems as best it could Although the problems were at root the same throughout the world — developed countries striving to maintain full employment and backward countries striving for economic development — and hence the solutions to these problems were fundamentally similar, if not identical, in various countries, the fact remains that this policy led to a situation in which almost all national economies were closed and confined within their national frontiers. Of course there were exceptions, but they if anything tended to re-inforce this isolationist tendency — as was the case, for example, with imperial preference in the British Commonwealth.

The great economic crisis of the early thirties gravely and adversely affected the world as a whole: it rigorously

termined the direction, scope and content of economic po-
ies. It was then that trade barriers were raised which
mpartmentalised the world market; the more or less uniform
rld monetary system (or at any rate mechanism which
ked diverse monetary units into a single functional whole)
s weakened, and the flow of capital was completely
rupted and drastically reduced. Both as a concept and
a fact the unified world market disappeared beyond recall
d the world became the conglomeration of national markets
d national economies. It must be conceded that this was
rlier also the case and should be the case in the future:
e point is that the entire international mechanism was
ranged earlier so that the separate economies were linked
d were, in a certain way, complementary. While it is
ubtless true that the former arrangement was unjust and
rkedly one-sided, it nevertheless comprised and assured
e entirety — or rather inter-dependence — of the association
the national economies.

Following the great economic crisis, and particularly in
e years following the Second World War, means were
ated which had as their purpose the disjunction and insu-
ion of one economy from another. It goes without saying
t this isolation was only exceptionally an end in itself;
was rather the means of attaining other aims of economic
licy — usually either full employment or economic deve-
ment. As a rule such isolation has been the outcome —
desired if not unforeseen — of the difficulties and inevitable
nsequences which have been encountered in pursuing a
tional policy of full employment or expansion.

Inflation has been the central and continuous preoccu-
tion in all of these diverse national policies — inflation
ated and manifested in specific yet diverse ways. In the
veloped countries even before the war, policy consisted
public expenditure and the financing of consumption by
ans of loans. In the post-war period, especially in the
ler-developed countries, inflationary pressures have arisen
account of the need for expenditure in excess of resources.
ce inflation always exerts some effect on the balance of
yments, the disposition to introduce restrictions in the
ere of international payments and trade was therefore
engthened.

There have been other changes in the interim: on the
e hand, the gap between the developed and the underde-
oped countries has grown wider and wider, while, on the
er, there has been general and absolute economic expan-
n. In this connection, marked progress has been made in
vancing and improving productive techniques. The more
vanced these techniques are, the greater the dependence
mass production, if it is to be economic. Given these
eral technical circumstances, an increasingly large number
countries is anxious to establish closer mutual economic
ations as production becomes more and more social in
racter, although the comparatively restricted markets resist
development. Consequently, the desirability of a free
rld market as a means of affording an outlet for expanded
ductive capacity is now deemed greater than previously.
other words, whereas formerly — and partially even today
the policy of achieving national policy of full employment
expansion represented a successful solution of a kind, it
becoming increasingly clear that such a policy must be
ablished and consolidated in an international framework.
industrialised countries this means that they must have
rkets from which they can obtain raw materials more
aply than they could produce them themselves, and where
y can dispose of a much greater volume of production than
ir domestic markets are capable of absorbing. For those
ntries in need of economic development, sources of neces-
y and supplementary capital for the financing of develop-
nt are required, as are export markets, if they are to gain
financial strength and credit capacity.

On precisely these assumptions various moves have been
de in recent years in the direction of what is described as
integration. Quite apart from the diversity of angles from which these moves may be viewed, it is true to say that the importance of the creation of a wider, more liberal and more unified world market is more generally recognised today than ever before. Economically such a market would extend both the foundations and the frontiers of every national economy: politically it would contribute to a more stable peace and to the lessening of hostility. In practice, however, the attainment of these goals has not proved to be readily feasible. After the last war there was a well-founded intention to establish appropriate international organizations devoted to these issues — a monetary organization and a trade organization. The former aim was realised with the creation of the International Monetary Fund (of which however the countries of the eastern bloc are not members): the Havana Charter made provision for the latter — in the event, unsuccessfully. Subsequently GATT was set up.

The essential characteristic of these two important institutions in the monetary and trade spheres is the fact that they undoubtedly promote the creation of the requisite conditions, and help to direct development towards a unified, non-discriminatory, world market. In effect, these two organizations are becoming the vehicles of definite paths of development and of definite influence on their members — enabling them to move in the direction of the formation of a freer world market. It is important to note that the International Monetary Fund is at present in the stage of enlarging its resources, though still inadequately. Much more remains to be done with GATT: its organization should be strengthened and extended. Moreover these two organizations will be obliged in the future to co-operate and to co-ordinate their efforts to a far greater degree. In this connection it is important to mention that there is no particular need for them to co-ordinate their policies — since they are already fundamentally in accord, although their methods are somewhat different.

Nevertheless, the problematical issue of integration — that is to say, the removal of narrow, national limits to production — has more to it than the academic consideration of theoretical questions. It is also an issue of practical politics, as demonstrated by what was happened, and what is still happening, in Western Europe. Integration there has not gone forward simply as some theory which had been elaborated in advance, but has gathered momentum as a practical development which the European countries jointly wished, were able, and were obliged to promote. These European developments, disregarding for the moment the division — created at an earlier stage — of Europe into a western and an eastern bloc, have so far been achieved via the Organization for European Economic Co-operation (OEEC) particularly by means of the liberalisation of mutual trade (through the reduction or removal of quantitative restrictions) and in the sphere of mutual payments („European Payments Union" and, subsequently, convertibility). Two aspects of these developments are especially noteworthy: while, on the one hand, they have been framed with specifically regional limits, on the other, they have had, as their ultimate aim, the emergence of a broader and freer world market. It is doubtless true that less has been said and written about this latter purpose, yet it has nevertheless been clearly formulated. Erhart, for instance, has done so: he has said quite plainly that European economic integration is only a stage on the road to the formation of a world market, and that it is this ultimate objective which makes moves towards European integration significant and valuable.

It would be reasonable to suppose that the process of European integration would extend to world-wide dimensions with the fulfillment of its objectives in Europe: in the monetary sphere via the Internation Monetary Fund, and in the sphere of trade via GATT. In that case the principal European preoccupation in the process — i. e. the regional task — would be progress towards the solution of European problems: those countries which have not succeeded in surmount-

ing their difficulties would be enabled to develop — something similar to the undertaking of OEEC in Turkey and Spain.

Yet although sound grounds exist for developments of this type, developments which would be beneficial and indispensable, something totally different is taking place in Europe. Those countries which are ripest for further integration and whose positions have become appreciably stronger — in other words the six member countries of the Common Market — have decided to establish compete integration of their economies, of their economic systems and policies — in short, a customs union. Other European countries were unready for so radical a solution, with the result that seven countries on the periphery are at present conducting intensive negotiations concerning the creation of a free trade area. Regardless of the fact that the concept and the practice of such a zone are still undecided, as indeed are such questions as how far it will amount to a customs union or not, which products will be privileged and so on, it is perfectly clear that this zone will mean the further partition of Europe as a whole. To put it another way — and more explicitly — the division of Europe will become greater and deeper as a result of such sub-regional integration.

All this may have far graver consequences than might appear at first sight. Thus, for instance, criticisms of the Common Market are less concerned with what will happen to the six member countries than with the fact that this new form of the international division of labour is in contradiction to the world market. As for the independent territories and countries of Asia and Africa, this novel international division of labour will tend to transform the Common Market into a substantially self-sufficient market separated from the rest of the world. It is for this reason that the Common Market is criticised not only in Europe but also in a large number of countries outside Europe — and particularly amongst producers and exporters of raw materials.

In this connection, it can be argued that it is just this aspect of the Common Market which has contributed most to the appearance of ambitions for the formation of regional and sub-regional economic groups in other parts of the world. In Latin America, for instance, Argentina, Brazil, Uruguay and Chile are seriously and fairly concretely working for the creation of a free trade zone which would consist of the Latin American countries — in the first instance, of the four named.

Similarly it cannot be denied that the combination of the seven European countries has been provoked by the Common Market. If it were possible to describe all these combinations — from the Common Market to those which are only foreshadowed or not yet even foreshadowed — as stages in the progress to a unified world market, then all of these developments could be welcomed as leading to the definite and desirable goal of international co-operation.

But what is happening at the present time in the sphere of international economic relations does not promise, let alone guarantee, such a result. On the contrary, everything points to greater divisions which could sink much deeper roots in the nature of the international division of labour. Hence the anxiety with which this issue is treated in GATT, for example, is justified. In fact, GATT is precisely the organization through which the desires for the creation of a unified world market should find expression. One of the methods used by GATT as a principle is non-discrimination. This is not the case with the sub-regional alignments which, either in their direct or indirect consequences, contain elements of discrimination.

Thus present-day international development affords grounds for anxiety. Experience and scientific analysis demonstrate that the basic national and international problem of the maintenance of full employment and economic development by means of economic expansion can only — or, at any rate, best — be by creating and operating a freer and more far-reaching world market for the exchange of goods, services, payment and finance. Only then will exist a solid foundation and framework for the national pursuit of policies of full employment and development. As opposed to this, practice has shown that so far the desire to remove existing trade and payments restriction has led to the formation of separate, larger, economically-stronger and more self-sufficient blocs.

For these reasons there is an evident need for every economy at the present time to expand and to achieve full employment, development and a higher standard of living in conditions of general peace.

This can and must be achieved by means of closer international co-operation and by the establishment of instruments and mechanisms for full employment and development in the world. For this there exist at the present time not only the need but also the necessary conditions.

Comments

Internal Changes in Indonesia

By N. O.

THE POLITICAL events in Indonesia in recent weeks are of historic importance for this young Asian republic's further internal development — a republic which only a little more than eight years ago substituted her national flag for that of the Netherlands. By special decree of President Sukarno, the Constituent Assembly has been dissolved and the country has reverted to the constitution of 1945. The importance of these changes lies less in the suspension of the provisional constitution of 1950 than in the revival of the revolutionary spirit of 1945, and the introduction of a new system of government which is intended to realize the ideals of the revolution. An end has been put to the dualism which has thus far existed between the government on the one hand and the revolutionary leadership on the other. Under the new system of guided democracy, the leadership of the government and of the revolution has been entrusted to the same person — Sukarno, who has taken over the offices of both head of state and leader of the government. The new administration has been placed above party interests and personal ambitions, and the strengthening of the executive author-

', which enjoyed very limited powers during the phase of eral parliamentarianism, will now enable Sukarno to harm- se the interests of the country and the populace with the ns and principles of the revolutionary programme.

These new measures amount to the recognition of the ct that the former system of government was incapable of hieving the social and political objectives of the revolution. the post-war period, Indonesia has succeeded in becoming fully-fledged member of the international community of tionals, and in realising her goal of independence. From the tset Indonesia adopted an independent position in the in- rnational sphere, and became the consistent champion of n-bloc policies. As the architect and engineer of the Band- g principles, Indonesia has won for herself considerable thority in international affairs.

Her internal development, however, has not been free om difficulties and conflicts. The consequences of coloni- tion were too substantial to allow a rapid settlement of onomic and administrative problems. In the transitional ase, the leadership of the young republic — with Sukarno its head — set itself three tasks: firstly, to free the eco- my of the country from its domination by foreign interests; condly, to liberate the last remaining part of sovereign donesian territory remaining under alien domination; and irdly, to create a form of democracy which would afford common platform around which all the progressive forces the country could rally.

Although from the beginning a continuity existed in the urse of political developments and in the firmly established derlying line of evolution, the Indonesian leaders encountered ave difficulties in the shape of party factionalism, separatist ndencies and foreign interference in internal Indonesian fairs. A good many of these difficulties arose from the spe- ific structure of Indonesia, composed as it is of many lan- uages, cultures and traditions (over 40 distinct language gions), with extremely wide differences in the level of osperity and development among the numerous islands (over 000 in number) and widely scattered provinces. Disputes tween different provinces and the central government over ch issues as regional autonomy and the distribution of the tional income, the consequence of which was periodic revolts, presented painful stages in the process of constitutional velopment and internal stabilization. Sometimes internal sputes took the form of armed clashes which brought the untry to the verge of civil war.

One of the primary causes of this virtually permanent ternal instability consisted in the irreconcilability of the po- ical apparatus with the economic, cultural, and social circum- ances of Indonesia. A system of parliamentary democracy of e Western type was plainly unsuited to a country which did ot possess the necessary traditions and which still bears the ars of its colonial past. Mainly on account of the system proportional representation (in circumstances where over vo thirds of Indonesia's total population of 84 millions live the island of Java) the composition of Parliament was so terogeneous and inert that it was often impossible to establish ho represented whom, and who wanted what. Over thirty rties — which were constantly changing their views and eir alliances — vegetated in the representative body. The overnment was a compromise amongst nine groups and was feated every year — hence eighteen administrations since the volution. The army was a staunch buttress for Sukarno, but too had a dual origin: the inherited apparatus on the one and, and units from the war of liberation on the other. In ddition to all this, there was also administrative centralism the system of government inherited from Holland, with all s defects, not the least of which were corruption and ureaucratism.

In the economy the ruling concepts of capitalist liberalism ade the attainment of national economic strength extremely difficult. These concepts were obviously at variance with the almost unchanged colonial structure of the economy, directed almost entirely to the export of raw materials. The organizing and planning of the economy was not ultimately determined by domestic conditions, for four-fifths of investment in Indonesia still belongs to foreign capital — Dutch, American and British. There arose a continual and bitter conflict between national undertakings and foreign interests. The inadequate distribution of the national income further aggravated the situation

Apart from these adverse factors, the process of internal stabilization was hampered, by means of diverse forms of pressure and interference by those foreign powers which were hurt by the independent non-bloc alignment of Indonesia. Seeking support amidst the reactionary, financial and adventurist cliques in Indonesia, these powers have persistently attempted to create economic disorder, to encourage separatist movements and to undermine the foundations of the new order and of national unity. Their aim was to incorporate the geographical and strategic advantages enjoyed by Indonesia into the sphere of their own bloc interests.

Under these circumstances, which represented a rift between the actual path of development and the aims of the revolution, Sukarno decided in favour of drastic changes. Returning the country to the constitution of 1945, he has, by a series of reforms, begun to apply his programme of guided democracy. The new system is no compromise between various political currents, but rather a political programme with clearly formulated principles and objectives : a united Indonesia and the formation of a more just society.

As a synthesis of political philosophy and practical realism, Sukarno's project is the essence of a new political order — democracy of a new type, devised in the spirit of national tradition and replacing imported forms of Western democracy. The leading bodies of the new system are the Consultative Congress, the Supreme Executive Council, and the National Planning Council. Conscious of the fact that none of the problems with which Indonesia is grappling can be solved in an atmosphere of national discord, Sukarno has based his project on the traditional principle of „musjavarah", which means discussion and co-operation. This principle requires all national forces to work in unity during the transitional period for the attainment of the political and economic aims of the revolution. The friends of Indonesia believe that Sukarno's generation, which freed the country from the colonial yoke and took the first steps towards socialism in conditions of independence, will gain sufficient strength to guide the internal development of the country in the best interests of the nation.

Our Current Account

„THE REVIEW OF INTERNATIONAL AFFAIRS" HAS CURRENT ACCOUNT AT THE NATIONAL BANK AND IT READS

101-14

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Food Processing Industry

Servo Mihalj

Zrenjanin

IN THE heart of the Banat plain, about 70 kilometres from Belgrade, on the banks of the Begej river, lies the town of Zrenjanin, the important agricultural centre of Vojvodina. Thanks to its excellent position and wealth in raw materials, Zrenjanin has developed into a strong industrial centre in which the food processing industry holds an outstanding place. The largest and most important enterprise in this industry is certainly the „Servo Mihalj" Food Processing Industry, the only one of its type in the whole country. The factory is situated on the periphery of the town between the railway and the navigable river Begej, by the side of a first-class asphalt road.

The „Servo Mihalj" combine consists of a large sugar refinery, a starch plant together with a glucose plant, a plant for the production of edible vegetable fats, its own thermo-electric station which supplies all units of combine with steam and electrical energy and passes a surplus to the public network, and a large mechanized silo of very modern type for storing corn. A plant for cattle feeding stuff is under construction. Apart from the sugar refinery, which has been modernized by reconstruction, all the units of the combine are new and equipped with modern machines and equipment.

The „Servo Mihalj„ combine is unique, not only in Yugoslavia but also in Europe, because of its size, capacity and modern equipment. The excellent location provides the combine with very good transport facilities, both for obtaining raw materials and despatching the finished products, and also high quality raw material — the famous Banat corn — from the very source. Another asset of great importance to the combine is the navigable river Begej linked to the Danube, which enables it to place its products, at low transport costs, in many parts of Europe and the Near East by means of very modern ships for river and sea transport.

The starch plant is of prime importance both for the combine and for Yugoslav economy.

Starch production really means an extended process of agricultural production, that is, one side of indstrial processing and improving of raw materials, by which a greater economic effect is reached from the original production in agriculture. There is a close link between starch production and agriculture in which industrial processing represents, in a certain sense, a condition for larger and more intensive agriculture production, to which the „Servo Mihalj" combine contributes by processing 72,000 tons of corn a year, that is to say by placing the corresponding amount of starch and starch derivatives on home and foreign markets. The starch industry in the world is relatively young and is still in the development stage in both the countries with their own basis of raw material and those which do not possess a sufficient amount of corn. The starch industry has especially gained has made possible the production of a wide assortment for the most varied use both in the food industry as in other economic fields. Today this industry produces about 300 different articles.

The basic articles produced by the starch-plant of the „Servo Mihalj" combine are: corn starch, syrup (glucose), crystalline glucose (dextrose) and hydrol. Besides these, it produces raw corn oil, the basic raw material for its plant for the production of edible vegetable fats. As a by-product the plant produces corn concentrate — a mixed cattle feeding stuff of ingredients balanced by albumen addition. By-products of the industrial processing and enriching of corn are gluten, corn-husks and gluten feed as highly valued albumenoid ingredients for cattle feeding stuff. Such feeding stuff represents a more rational and economical way to improve cattle breeding than by the use of corn on its own.

Starch, as the basic article of the „Servo Mihalj" combine, is produced from high quality corn, is pure white in colour, and equal in quality to world standards. The uses of starch are varied. It is used in the textile industry for stiffening material, and more and more in the food processing industry and in the home for making bread, confectionery, cornflour, for infant and invalid food, and also in the pharmaceutical, brewing, paper and explosives industries, etc.

By further processing of corn starch by the most modern technological methods starch syrup (glucose) is obtained — a viscose, crystal clear liquid of 44/46 Bé. The syrup is being more and more used in the food processing industry — in the production of sweets, canned goods, non-alcoholic and alcoholic drinks, fruit juices, jam, marmalade and beer.

The „Servo Mihalj" combine offers goods first-class quality to the home market Yugoslavia was well-known even fore the Second World War as an ex- ter of corn starch, even though the duction of starch in the worn-out rch plants was inconsiderable. By putt- the starch plant of the „Servo Mihalj" nbine into operation, Yugoslavia took its place among the largest producers and exporters of corn starch in Europe. The combine exports corn starch through the well-known foreign-trade enterprise „Centroprom" of Belgrade to the markets of England, USA, USSR, East and West Germany, Switzerland, Austria, Italy, Scandinavia, and the Near East.

The starch is packed, according to the buyers' wishes, in multi-ply or three-ply kraft paper bags wrapped in jute or cotton bags, each holding 50 kgs or 140 lbs nett

Starch syrup (glucose) is packed for the home market in heavy zinced steed drums holding 270 kgs nett. For export, glucose is packed in new zinced steel drums so that the goods reach the most remote markets undamaged and in unaltered condition. Each drum holds 280 kgs nett of glucose and the packing weighs about 30 kgs.

In spite of great competition from countries with a renowned tradition in starch production, the combine's glucose is more and more conquering the markets of Syria, Jordan, the Lebanon, Iraq, Egypt, the Sudan, Tunisia, Morocco and other countries of the Near and Middle East. Recently glucose has been exported in large quantities to France and is expected to find markets in other parts of Europe.

Crystalline glucose (dextrose) or grape sugar is a product of separate unit of the glucose plant. Through its success in making this product, which was not produced formerly in Yugoslavia, the combine has shown itself a worthy pioneer in this line in widening the range of products. Even now, in the experimental stage of production, the combine meets all requirements in crystalline glucose of the food and pharmaceutical industries in the country.

Hydrol is the highly converted starch syrup which during the production of crystalline glucose does not crystallise. It is mostly used in the production of alcohol. Hydrol also was not previously produced in our country. Tests already show the possibilities of wide application of this product (with a high percentage of reducing materials) in the fermenting industry.

The „Servo Mihalj" combine is making great efforts and is paying particular attention to the question of the quality and the widening of the range of its products on which its experts are fully engaged, and is maintaining and still further increasing its reputation on the world markets.

The Sisak Iron and Steel Works

Producer of seamless steel tubing

THAT THE industrial production of pre-war Yugoslavia was on a very low level, is best shown by the fact that steel production in 1939 amounted to only 235.000 tons, while at the same time, the consumption of rolled products of the iron and steel industry amounted to only 12 kg. per capita. This means that before World War II Yugoslavia was among the countries with relatively the lowest steel consumption.

Besides the very low level of production, the iron and steel industry (in old Yugoslavia) had a very limited range of products, and seamless steel tubing was not produced at all.

The devastation wrought by World War II destroyed a large part of these already meagre capacities for steel production, so that, in the production of articles of the iron and steel industry, we really had to begin from the very beginning.

The same fate of war devastation as that of the other iron and steel works in the country was suffered by the small Sisak Ironworks, which consisted of one small furnace, capcity 65 cubic metres, with a device for purifying gas, an electrical power plant and a small foundry. This plant stopped working in 1944. and after the liberation of the country, it started operation again, with a somewhat higher capacity, after reconstruction work in spring 1946.

The production of the Sisak Ironworks was as described above, in the first years after the war, that is, at the time of the momentous decision to start the new, free Yugoslavia on the road to increased industrialization and electrification, in which especial attention was paid to the development of basic industries and especially of the iron and steel industry.

Thus, the first Five Year Plan for the industrialization and electrification of our country also provided for a corresponding development to the production of steel, to be reached both by the expansion of existing and construction of completely new plants.

Although a small ironworks existed in Sisak even before the war, which produced only pig iron an foundry products, the construction of a new metallurgical plant, with the primary task of producing steel tubing as its speciality, could be regarded as the erection of a new project which was built and is producing quite independently from „old" works

The decision to construct an iron and steel works in Sisak was not taken by chance. It was influenced by many elements of an economic, social and political character.

Sisak is a town situated about 50 km. south-east of Zagreb, the capital of Croatia, between three rivers of which the Sava and Kupa are navigable and on the main railway line between Zagreb and Belgrade. Its position makes it possible for raw materials and finished goods to be transported by river or rail, and means that the Sisak Iron and Steel Work is ideally situated from the point of vie of communications.

Only about 70 km. from Sisak is th Ljubija Mine, which provides the iron works with the major part of the o necessary for the production of pig iron while sources of other raw material suc as coke, scrap iron, lime stones and so o also exist within a radius of 200 km.

It is important to stress that the iro ore from the Ljubija Mine, besides i relatively high Fe percentage, has a parti cularly favourable chemical compositio as a result of its subsidiary element which enables the Sisak Iron and Ste Works to turn out steel especially suita ble for the production of seamless tubin that is, steels which by their compositio are within the limits of most favourabl tolerance according to prescribed standard

A PART OF THE ROLLING MILL

ROLLING MILL — ROLLING TUBES

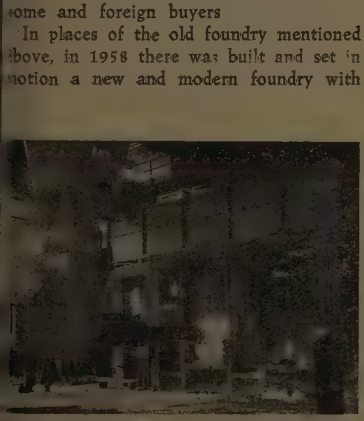
Apart from this, the fact that the necessary manpower was available also influenced the choice of Sisak as the location for the construction of a new Iron and Steel Works.

The construction itself began in the summer of 1948 with the building of new furnaces, one of which was set in operation at the end of 1949 and the other at the end of 1950 with a total capacity of about 120.000 tons of white and grey pig iron (foundry iron). The white pig iron is used in the factory's own steelworks for the production of steel ingots, while the grey pig iron is used in its own foundry for the production of grey castings. Part of the white and grey pig iron is sold to home and foreign buyers.

Besides the furnaces, modern departments were also constructed for the preparation of coke, ore and agglomeration, which makes possible very satisfactory filling resulting in a correspondingly high quality of pig iron.

The steelworks. consisting of 2 open hearth furnaces of 65 tons capacity each, at a total annual production of about 110.000 tons, started operation in 1954. Some of the ingots produced are used for seamless tubing while part is sold to home and foreign buyers

In places of the old foundry mentioned above, in 1958 there was built and set in motion a new and modern foundry with



OPEN HEARTH — FILLING THE FURNACE

model carpentry shop. The total capacity of this foundry amounts to about 7.000 tons of grey, steel and metal castings per year. One part of the output of foundry is used in the own Iron and Steel Works, for example as ingot moulds for the steelworks, various spare parts and so on, while the greater part of this output is sold at home and abroad. A particularly important place in the export of foundry products is taken by ingot moulds for steelworks of which 1.400 tons are being exported in 1959. Besides this, this year steel castings are appearing as a export article for the first time.

The rolling-mill for seamless tubing, the construction of which was begun in 1949, was partially set in operation in 1952, and from 1954 it has been working at full capacity, so that today about 60.000 tons of finished seamless tubing is produced.

ROLLING MILL — TAKING OUT HEATED INGOTS

The rolling-mill itself is divided into two sections the so-called „hot section" and the processing section.

In the hot section seamless tubing is produced on the light mill from 3/8" to 3" and on the universal mill from 4" to 13 3/8" by a combination of elongating in hollows and pilgering modified with ingots predrilled in the cup according to the Calmes system.

Within the framework of the hot section there is a department for hot drawing tubes where apart from other special dimensions segmentally drawn columns of seamless tubing (seamless stepped tubular poles), for electric lighting and other purposes, are produced.

The processing section consists of:

- *department for zinc-coating (galvanizing) of tubes*
- *department for cold drawing of tubes*
- *department for bitumenizing of tubes, and*
- *department for production of API tubes*
- *the department for the production of steel bottles*

for compressed gas which is still under construction.

The production plan of the Sisak Iron and Steel Works, considering that it is a specialized factory for the production of steel tubing, is comparatively wide, consisting of the following varieties of tubing:

Seamless steel tubing according to DIN standards (German Standards)

— *seamless water and gas pipes, with plain ends or with threads and cuplings* according to DIN 2439, 2440, 2441 or corresponding ISO standards, as well as DIN 2448, in all dimensions up to maximum 318 mm Qualities and conditions of delivery according to DIN 1629;

— *Cold drawn tubes*
according to DIN 2385 and DIN 2391 standards in dimensions from 18 to 100 mm, and

— *Boiler tubes*
according to DIN 17175 standards in 35.8 and 45.8 quality.

Seamless tubing according to API standards (American Petroleum Institute Standards) for use in the oil industry, e. g.

— *Line Pipe*
according to API standards 5L, 5LX

and qualities A, B, X42, X46 and X52, in dimensions up to 12 3/4":

— Casing and Tubing

according to API standard 5A and qualities F 25, H 40, J 55, and N 80, casing in dimensions from 5" — 11 3/4" tubing in the dimension of 2 7/8", with the right to use API monogram on line pipe and casing, which is a guarantee of the first-class quality of these pipes.

Seamless tubes according to BSS standards (British Standards Specification)

— Water Well pipes

according to BSS standards up to 12" dimension.

Tubing according to DIN or ISO standards is delivered black, zinc-coated (galvanized) or bitumenized according to the buyer's demand, and API and BSS tubing is delivered black or bitumenized according to the buyer's demand, depending on the purpose and type of tubing.

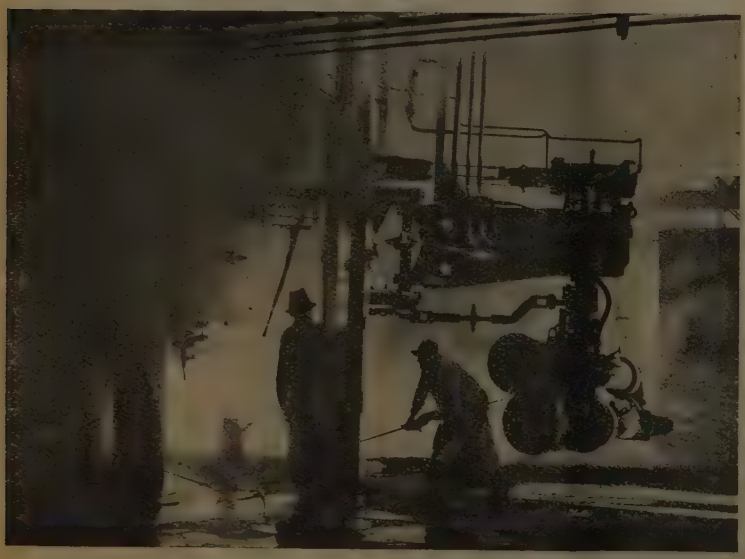
Besides satisfying home needs for seamless tubing, the Sisak Iron and Steel Works, also regularly exports part of its output and up to now has successfully exported its products to various countries in Europe, Asia and Africa, as well as North and South America. Exports which were started in 1954, reached 23.000 tons in 1958, mostly line pipes, casing and DIN pipes larger dimensions.

Exports to the countries of South America were formerly carried out indirectly, that is through agents in USA and Great Britain, but later direct commercial connections were established with buyers in Argentina, Chile, Bolivia, Brazil, Venezuela and other South American countries, so that 2.384 tons of casing tubes are being exported to Argentina in 1959, to the firm Yacimentos Petroliferos Fiscales, Buenos Aires, to the value of about 400.000 dollars, and about 5.800 tons of line pipe tubes to Venezuela to the firm, Superior Oil of Venezuela, Caracas, in the framework of a triangular arrangement with Uruguay to the value of about 1,000 000 dollars. During the year business is expected with Brazil and Chile as well, totalling about 2.700 tons to the value of about 500.000 dollars.

The iron and steel industry of Yugoslavia is now near the end of the first stage of its construction. The production of steel in 1958 reached 1,113.000 tons.

Seeing the necessity for a further increase in steel production as a material basis for raising the standard of living of the population, the Federal Executive Council of Yugoslavia decided at the beginning of this year to increase steel production by 2,000.000 tons, that is to 3,100.000 tons per year in the next 12 to 14 years, by which Yugoslavia will reach the consumption of 148 kg. per head of population.

In the framework of this general increase, the Sisak Iron and Steel Works,



A DETAIL OF THE BLAST FURNACE

FOUNDRY — CASTING

as a factory specializing in the production of all kinds of steel tubing, by enlarging existing and building new units will increase its production to about 150.000 tons of finished tubing and will widen its range of products. Total exports will then reach 70—80.000 tons, and we shall be more able to satisfy the needs of our customers, both at home and abroad, with a complete range of steel tubing. It is clear that for such expansion the most modern machinery which is used today in the world for the production of steel tubing will be put into operation.

During its relatively short existence and in the placing of its tubes on home and foreign markets, the seamless tubing of the Sisak Iron and Steel Works as a result of very satisfactory raw materials (ore from Ljubija) for the production of pig iron and steel, modern machinery and already skilled working forces, have gained a justified reputation for its quality. This is particularly shown, by the action of the American Petroleum Institute in Dallas Texas, USA, in granting permission to use its monogram on tubing designed for the oil industry.

Thus the Sisak Iron and Steel Works as a factory constructed after the liberation of our country, is one of the examples of the swift economic development of the new Yugoslavia which makes its contribution to the high reputation our industry has gained on foreign markets.

Come to the Quarner Riviera

Lovran

Istria, Croatia, Yugoslavia

Geographical position: Eastern coast the Istrian Peninsula, in the Bay of Quarner, protected m the north by the mountain Učka (pr. Utchka) 1396 m 4580 ft., near the well-known seaside resort Opatija. From next railway station Matuljji (14 km, 9 miles) 40 minutes bus. From Rijeka (Fiume) the most important Yugoslav rt (19 km or 12 miles) by bus or ship 50 minutes. Rijeka excellent through-communications with the main towns Europe. First-class roads for those coming by car over stria and Italy.

Characteristics: Quiet position. Accommoda- n in comfortable hotels and villas amidst pine-, chestnut- l oakgroves. Attentive service, good cooking. Excellent drinking water from Mount Učka. Interesting picturesque medieval town, built upon the ruins of a Roman tusculum. Remarkable frescoes in the parish-church. Two swimming-pools, pebbly beach, crystal-clear sea, watersports, tennis, walks along the sea, rambles, mountaineering and excursions. Performances of national dances in national costumes, open-air theatre.

Season. Low season April, May and October, season June and September, high season July and August. Very suitable for a spring and especially autumm stay, because of the great number of sunny days and abundance of delicious fruit; swimming and sun-bathing possible up to the end of October.

The average air-pressure 760,4 mm; changeable within narrow limits.

The average air-humidity: 72%.

The sea-water contains 37.8 gr of salt per litre.

The cooling degrees (according to Hill) vary between 10 and 20. These low figures characteristic for a mild climate are due to the circumstance that Lovran is extraordinary well sheltered from wind.

From the bio-climatic point of view Lovran is characterised by a Mediterranean climate, not irritating, full of favourable influences.

Hotel „Park"

The hotel, with its annexe „Elektra", lies on the main d, close to the sea, the bathing beaches, the harbour and ovely park. Balconies overlooking the sea. Private baths, t, garden, excellent cuisine and drinks.

Information: Hotel Park, Lovran, Yugoslavia.

Cable address: Parkhotel Lovran.

HOTEL MIRAMAR

LOVRAN

JUGOSLAVIJA

The hotel is situated in its own park close to the beach with a view on sea — Excellent cuisine and attentive service — comfortable rooms with running water — Terraces and balconies — Bar in the hotel — Dancing terrace — Tennis court — Drawing-rooms — Quiet and pleasant stay.

64 rooms with 123 beds are available.

THE SVETOZAREVO Cable Factory

ALTHOUGH the cable industry existed in Yugoslavia before the war, its prosperity is mainly linked to the post-war period. Only then did it start to develop rapidly, to widen production and by solid work and high quality of products enter the ranks of the cable industries of technically more highly developed countries.

The intensive industrialization of the country, foreseen by the first Five Year Plan, and also by the economic plans which followed demanded intensive electrification and a corresponding development of transport and connections. In order to meet the needs for electric power cables and telephone cables it was found necessary not only to widen the already existing factories in Novi Sad and Zagreb but also to build new factories. Thus the large cable factory of Svetozarevo was constructed.

As is well known, copper, lead, aluminium, steel and zinc comprise 80—85 per cent. of the materials necessary to produce cables. As is also well known Yugoslavia with her mines at Bor, Majdanpek, Trepča etc. is counted among the most important world producers of just these raw materials, without which it would be impossible to imagine an economical cable industry. If it is also remembered that Yugoslavia is also an important producer of polyvinil chloride and other plastics, as well as paper, it is quite clear that the economic conditions for the development of the cable industry are excellent. There are very few countries in the world with such favourable economic conditions for the development of the cable industry as Yugoslavia.

By widening the existing and building new factories for the cable industry, Yugoslavia has eliminated an economic anomaly — the export of the basic raw materials necessary for this industry and the import of exactly the same raw materials in the form of the finished products.

The cable factory in Svetozarevo was built at the time of prosperity of the basic industries in Yugoslavia and was given the task of supplying the needs of electric power transmission and the telephone and telegraph service, as well as to produce surplus for export.

When we speak about the Svetozarev cable factory we must immediately stre that it is by no means an ordinary ty of cable factory, but a real industri combine completely independent both the processing of raw materials and the making of finished products.

So that the Svetozarevo cable facto can apply up-to-date technology and th most modern production processes, it equipped with the corresponding labora tories and testing units, both chemic and mechanical, including a laboratory fo electrical testing, a laboratory for testin textiles and paper and a laboratory fo testing rubber and thermoplastics.

The factory is equipped with moder machinery and other necessary equipmen and has at its disposal an experienced an highly qualified staff in this kind of in dustry.

One more advantage held by this fac tory is that it is situated very close t the sources of raw materials, which make possible low transport costs.

The range of its products is very ric and wide and it now provides the Yugo

v and world market with a large num- of products, a few of which are men- ned below:

– Wires of all dimensions for overhead es;

– Power cables of all dimensions insul- d with impregnated paper for voltages ween 1 and 66 kV, of round and tor cross-section;

– Under-sea cables, a very large num- of which are already in service in goslavia and abroad;

– Power cables insulated with plastic voltages between 1 and 10 kV;

Power cables are made from copper aluminium conductors, according to the tomer's wishes.

– All kinds of telephone cables with -paper insulation woven together in ers and groups;

– Symmetrical cables with air-paper ulation with up to 120 couples in each;

– Overhead self-supporting telephone les insulated with polyethylene;

– Signal cables insulated with impreg- ed paper and thermoplastics;

– All kinds of conductors and cables ulated with rubber;

Marine (ship) cables of all diameters;

– Varnished wire from 0.05 mm. wards, coated with highest quality nish;

– All kinds of dynamo wires.

All the products of the Svetozarevo le factory are made of high quality ygen-free copper of high conductivity,

which is made in the factory itself by a special process of continual pouring in a protective atmosphere (OFHC quality).

Gradually the products of the Svetozarevo cable factory began to appear on the world market, so that today, thanks to the modern machinery, experienced staff, high quality, favourable conditions and low prices, they are sent to 27 countries of the world: Austria, Belgian Congo, Burma, East Germany, Egypt, Ethiopia, Greece, Holland, India, Indonesia, Italy, China, Lebanon, Norway, Pakistan, Peru, Poland, Rumania, West Germany, Saudi Arabia, Syria, USA, USSR, Switzerland, Sweden, Great Britain and Uruguay.

The Svetozarevo cable factory has gained an excellent reputation, and its products a sure place both on the home and foreign market. For the exports attained the factory possesses a certificate for the high quality of its products.

The factory's working collective watches closely the demands of home and foreign markets and adjusts its programme of production according to the buyers' wishes.

Besides production according to Yugoslav JUS standards, the factory is capable of delivering products made in accordance with all foreign standards.

Further information may be obtained from the Svetozarevo Cable Factory, tel. 140—149.

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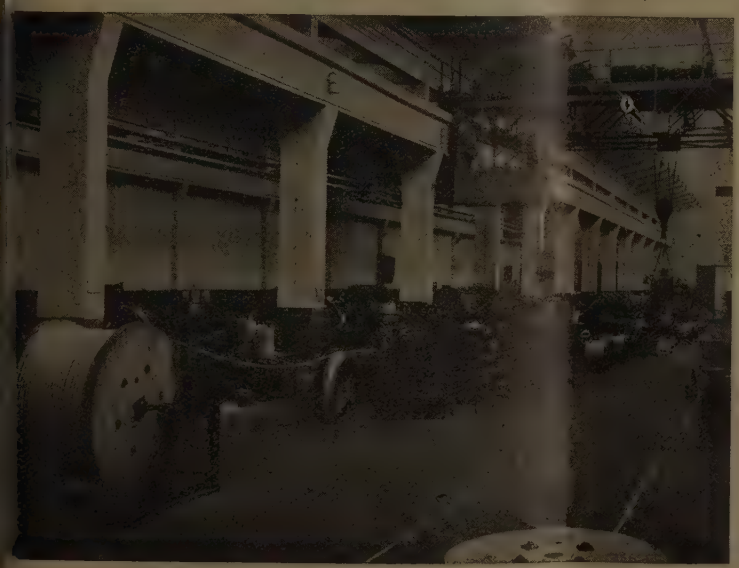

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The Labour Party and Nuclear Policy

By Nikša DUBRAVČIĆ

EVER SINCE Niels Bohr and Waller advanced the theory of the fission of the nucleus of the atom — that mi- e nucleus which contains virtually all matter in an infi- ly small space — nuclear science has made remarkably id progress. Yet thermo-nuclear processes — resembling marvellous release of energy of the sun and stars — instead exciting admiration and wonder for human genius have filled ıkind with bewilderment and dismay. There have been over undred nuclear explosions in recent years — explosions of abs of the third stage, of upwards of forty megatons, with destructive power two thousand times greater than that of Hiroshima prototype, bombs capable of destroying the ld's greatest city in a fraction of a second.

The atom — a concept which has been revived in our e after two and a half thousand years of oblivion — has ned a new chapter in the history of mankind. The release inconceivably great energy derived from matter itself is ng put to a monstrous use: in many countries there is fre- ic activity over the construction of nuclear installations, kets and launching ramps — the harbingers of nuclear th. The atom now dominates the policies of the great po- s: it has become the symbol of unimaginable peril

For every reasonable creature the conclusion is unam- ous: the issue — nuclear armament or disarmament — is n as requires the utmost conscientiousness and responsibi- from every country and from every political movement, adopting its attitude to the issue. In terms of national po- it is a problem which poses a moral test for the public every country. Britain is an outstanding case in point — the British Isles have very recently become a dense arsenal nuclear weapons. Following De Gaulle's conflict with NATO en new squadrons of 200 Super Sabre bombers, capable of rying atomic and hydrogen bombs, have been transferred n France to Britain. The Opposition has been confronted n a grave dilemma, and in consequence a far-reaching ussion on nuclear policy has begun in the British Labour vement. The attitudes adopted until now have been reap- ised, old arguments have been criticised and new argu- nts sought — the nuclear problem is bound up with the s of socialism and with human ethics.

It is significant, in this context, that the principal resi- ce to the government policy of the nuclear deterrent has inated amongst the workers. Although this movement has far been in the main confined to one party, the anti- lear campaign goes beyond the bounds of national interest account of its essentially progressive. anti-bloc, and — erms of its moral aims — international character.

Influenced by this campaign, the leadership of the La- r Party and of the trade unions have issued policy docu- ts on the new nuclear policy of the Labour movement. s has, in turn, led to a revolutionary new departure: the tical organisation of the Labour movement has chosen to ocate a compromise solution not much opposed to that of Government, whereas some groups within the Labour mo- ent — trade unions which had hitherto refrained from oming involved in major policy issues — have now come ward with political demands which are both positive and cipled. Despite the apparent paradox, this is no an in- prehensible development: the trade unions are less affec- by electoral calculations and the Parliamentary mentality.

The Labour Party leadership has in principle endorsed position on which the Conservative Government has based its atom policy. Britain should remain a nuclear power. It has approved British membership of NATO and has accepted nuclear armaments as the foundation of defence policy. On the fundamental issue — for or against nuclear armaments — the leadership's plan closely resembles that of the Government. It differs only in as far as it proposes the establishement of a non-nuclear club of those countries which do not as yet possess atomic weapons — but which may have them tomorrow. Given certain guarantees and under certain conditions, Britain could later become a member of the club and transfer its atomic arsenal to the United States. Thus the United States and the Soviet Union would remain the only nuclear powers in the world. This entire course of development is envisaged as a step in the direction of general disarmament under the aegis of the United Nations. The primary purpose of the non-nuclear club would be to prevent the extension of nuclear armaments to other countries.

This is the plan put forward by Gaitskell and Bevan. The Government has not approved it — nor rejected it, since the plan does not require the renunciation of nuclear weapons or of nuclear tests. It only underlines more forcefully the determination to strive for agreement on the prohibition of experiments.

Disorder in the Labour movement was provoked by the resolutions adopted by the largest trade unions — of municipal and transport workers, miners and railwaymen. The two latter unions supported Gaitskell's policy, while the most powerful Trade Union — the Transport and General Worker's Union — approved a position radically different from that of the official party policy. In our submission, the policy objectives of this union have opened a new chapter in the history of the British left.

The Municipal Workers Trade Union had already endorsed a policy of unilateral British renunciation of hydrogen bombs prior to the publication of the official declaration on policy by the Labour Party leadership. This important union declared itself opposed to the country's possession of nuclear weapons of any description and under any circumstances. However, at the instigation of a majority of the union leadership, the union was induced to convoke an extraordinary session for August 21, in order to take a fresh vote on the issue. Tom Williamson, the leader of this union — and one of the right-wing leaders of the trade union movement evidently wishes by this move to force the municipal workers to support Gaitskell and at the same time achieve the isolation of the Transport and General Workers' Union Regardless of the outcome of this manoeuvre — be it success or failure for Williamson — the municipal workers have, by a majority, shown a high degree of political maturity and responsibility on this fateful issue.

The Congress of the Transport and General Workers' Union (which controls one million of the six million votes at the Labour Party annual conference) has declared itself in favour of the absolute and unconditional prohibition not only of nuclear experiments but also of the production of nuclear weapons. Despite the express wish of the party leadership that they should confine themselves to the consideration of technical, professional, issues and refrain from political analysis, the transport workers affirmed at their congress their right and duty to participate in the taking of political decisions Moreover they assumed responsibility for the re-assertion of the socialist character of the programme of tle La-

bour movement. Frank Cousins, the dynamic leader of the Transport and General Workers' Union, whose energetic action during the London busmen's strike last year — a strike opposed by other trade unions — brought him to the forefront of attention, affirmed at the congress an important principle: the struggle for socialism is more important for members of the Labour movement than the election of a Labour Government which will not pursue a socialist policy. In terms of this approach, the Labour movement cannot afford to advocate pre-electoral compromises at the expense of conscience and the aims of socialism on any issue — let alone on the nuclear issue.

The requirements of the transport wokers in the field of nuclear policy, reduced to seven points, have been framed in accordance with this principle. In essence, these aims for the revision of the entire British defence policy, and, in the last analysis, for the rejection of the Atlantic Pact. The transport workers have stated their opposition to the military formations engendered by the division of the world into blocs. Cousins explained this decision by calling attention to the fact that a system of hostile military pacts is ill-suited to solving the issue of the future of peace. Besides, much of the authority acquired by NATO gravely undermines the United Nations — the only international organisation which is entitled to deal with the issue of peace. Irrespective of contentions concerning the inevitability or otherwise of nuclear war, Cousins and his union have openly recognised that the defence policy of Great Britain cannot be based on the nuclear threat, for nuclear weapons are not defensive but „the means of mass suicide".

In spite of the current state of affairs in international relations, for the Transport and General Workers' Union the sky is not completely overcast. A solution can and must be reached by means of the complete rejection of nuclear armaments and nuclear tests — by means of prohibiting the co struction of nuclear installations for military purposes a the production of atomic weapons. These obligations shou bind the UK, the USA, and the USSR equally, and their i plementation should be controlled by the United Nations. order to achieve this aim. Cousins and his union believe th Britain should take a pioneer step: the unilateral renunciati of nuclear tests and the construction of nuclear installatio for military purposes, and the declaration of British refusal be the first to initiate a nuclear war or to allow British te ritory to be used for any of these purposes.

The Labour Party leadership has regarder the resoluti of the transport workers as a revolt and as a provocati gesture. Everything points to the firm resolve of the leade ship to do everything to confine Cousins' position to a m nority in the party congress which takes place in autumn th year. In its opposition to the progressive policy aims of t transport workers, the Labour leadership intends to represe the affair as an issue of party discipline and unity. Howeve judgning by the reaction of the constituency organisations a their more left-wing groups, one can conclude that somethi much bigger is at stake: an attempt to revitalize and r generate the socialist spirit in Britain. The aims of the Transpo and General Workers' Union are profoundly moral and so cialist by their very nature: for the nuclear issue is far mo an issue of morals and ethics than merely of politics. Th union, regardless of the final outcome of its campaign, h already achieved a great deal by the very fact of rejecti the political immobility of the trade unions, and the Parli mentary spirit of the party organization, and by conscious choosing the path of radical political activity.

Widening of Yugoslav-Sudanese Co-operation

By N. NIKŠIĆ

RELATIONS between Yugoslavia and the Sudan are of recent date. Until recently they were just in their infancy. The first direct contacts and first forms of co-operation took place within the United Nations, when the Sudan was accepted into the international organization as a legal national unit with all national characteristics. The acceptance of the Sudanese Republic into UNO, together with Morocco and Tunisia, was a strong affirmation of its complete independence and equality, in world society. This event at the same time represented a strengthening of the group of young, independent nations of Asia and Africa which, by the very internal logic of their basic aspirations ,are intent on preserving peace and developing international co-operation on the basis of modern democratic principles, Attached by definite and numerous ties to the whole association of Arab nations. the Sudan, on gaining independance, entered into those progressive currents which are known, in modern political terminology, as Afro-Asian policy. As a logical alternative to the policy of pact-mania, this orientation has found the only way in which the interests of these countries link up with the correctly conceived interests of the remainder of the world; the Bandung principles are the supreme credo of this policy, not only because the countries of that region are vitally interested in the stabilization of peace but also because only by such a policy can the abyss dividing the world be bridged and the elementary contradictions in international relations be resolved.

In the spirit of such principles, the Sudan and Yugoslavia met and grew closer together. The Sudanese people enjoye the sympathy and support of Yugoslavia in the phases whic accompanied their struggle for independence, as well as lat in their attempts to strengthen their position of independenc and overcome their inheritance of economic backwardnes However, an outstanding event in mutual relations was th visit of President Tito of Yugoslavia to the Sudan in Februar this year. During this visit the foundations were laid for takin joint action towards enriching and intensifying mutual co operation.

It is by no means accidental that Yugoslavia is one o the first countries beyond the frontiers of the Middle Eas with which independent Sudan has entered into relations o close friendship and multilateral economic, technical an cultural co-operation. In the Afro-Asian region Yugosla foreign policy is accepted and understood as the policy o equal co-operation on the basis of the principle of peacefu coexistence, which corresponds to the objective needs an interests of those nations. Thus, less than five months afte the visit of President Tito, Yugoslav-Sudanese relations ar strengthened by a number of agreements which are creatin conditions for a significant increase in exchanges and close mutually beneficial co-operation between the two economies In these agreements ,the ideas of President Tito and Premie Abboud have been put into concrete form, being th expression of common understanding and the mutual desire to grow ever closer together in the future by means of bila teral relations.

On the basis of the agreement signed on July 18 in Bel-ade, the current exchange of goods between the two untries will be significantly increased. Yugoslavia will liver a greater amount of equipment for the new factories uch are being built in the Sudan, with the aim of speeding her economic development. Yugoslav shipbuilding firms ll build the necessary number of ships for the needs of the danese marine economy. In order to assist the Sudanese vernment to build up its industry intensively, the Yugo-v government has authorized its economic organizations deliver goods to the Sudan on a credit basis on convenient ms. It is expected that Yugoslav exports to the Sudan will rtly reach the figure of four million dollars, while it is dicted the delivery of various goods on a credit basis will ount to five and a half million pounds.

The agreement on scientific and technical co-operation esees definite conditions for each country for carrying out the programme, which arranges for wider co-operation in the production of equipment for the new economic units in the Sudan as well. The programme of technical co-operation also comprises other activities which are not connected with deliveries from Yugoslavia.

The convention on cultural, scientific and educational co-operation, which was concluded a month ago, provides, among other things, for the education of a definite number of Sudanese in Yugoslavia, as well as advice from Yugoslav educational workers and architects in the Sudan. Besides immediate assistance to the Sudan in overcoming inherited problems, these forms of co-operation will contribute to mutual acquaintanceship, understanding and friendship.

Viewed as a whole, all these agreements represent a significant contribution to the progress of constructive co-operation between Yugoslavia and the young African Republic of the Sudan.

UGOSLAVIA TODAY

emoval of the Yugoslav Balance of Payments Deficit

By Vujica GAJINOVIĆ

YUGOSLAVIA has had a chronic balance of payments deficit in the post-war period. However, this is some-ng which, as a rule, besets all economically backward coun-s when they embark on a course of intensive economic deve-ment. Consequently difficulties arising in the balance of eign payments cannot be regarded as peculiar to Yugosla-. Nonetheless the adverse Yugoslav balance of payments not be successfully or completely explained simply in terms industrialisation.

One amongst other factors which have simultaneously ravated the difficulties provoked by more rapid industrial elopment has been the increased import of foodstuffs eat, fats, sugar).

A superficial investigation might lead one to think that siderable investment in industry and the associated sharp rease in imports of investment goods were the sole causes the balance of payments deficit. It is however necessary, eit very briefly, to draw attention to some significant nomic considerations in order to discern more clearly how ny factors, and of what kind, have unfavourably affected goslav foreign economic relations — factors which have en the basic causes of the deficit in the balance of pay-nts.

E BACKWARDNESS OF PRE-WAR YUGOSLAVIA AND E BALANCE OF PAYMENTS OF THE FEDERAL PEOPLES REPUBLIC OF YUGOSLAVIA

THE ECONOMY of pre-war Yugoslavia was both econo-mically and technically very backward, for around 80 cent of the population (1921 figure) gained its livelihood m agriculture, forestry and fishing, and only 10 per cent m industry and crafts. Only about 1.3 per cent of the al population could be employed in industry. In 1938, ustrial production accounted for only 18.7 per cent of the l national income. Apart from the low level of industrial development, mention should be made of the disparities which existed between various regions of the country. In 1918 about 83.7 per cent of all industrial installations were located in Croatia, Slovenia and Vojvodina. By 1941, 84.7 per cent of all newly constructed industrial capacity was situated in the same regions. Hence in the inter-war period no effort was made to develop the other areas — Serbia, Macedonia and Montenegro.

During the Second World War, Yugoslavia lost approximately 10.8 per cent of her population, 36.5 per cent of her industry and 36 per cent of her agricultural capital, 52 per cent of the railroad network was destroyed, 75.6 per cent of the locomotives and 83.9 per cent of the rolling stock were looted or irreparably damaged, and so on.

The backwardness of pre-war Yugoslavia is the basic cause of the long-term deterioration in the balance of foreign payments. This secular trend was already effective in 1939, for in that year the balance of payments surplus which had obtained in earlier year disappeared. The fact that a deficit did not result in the following year must be primarily ascribed to the extraordinarily severe limitation of imports (in the period up to 1930 total imports amounted to approximately 80 milliard dinars at 1938 prices, and by 1935 imports amounted to only about 50 milliard dinars). The cut in imports was not the outcome of higher domestic output, and demand had risen (even if we proceed on the assumption that there was no investment for such a development) on account of the growth in population. The reduced volume of imports was the result of the extremely severe restrictions imposed, and this kept the already existing productive capacity at a very low level, thereby depressing the standard of living.

The fundamental and long-term tendency to a balance of payments deficit, therefore, is of pre-war origin, and was caused by the great economic backwardness of former Yugoslavia.

In attempting an objective examination of the reasons for the emergence of a balance of payments deficit in the post-war period, a period of intensive industrialization, the special foreign political position of Yugoslavia should not be neglected. This special position, arising as it did objectively from the policy of active co-existence and dissociation from blocs, has had grave consequences for the Yugoslav economy, and particularly for the development of industry. These adverse circumstances are as follows: the economic blockade imposed by the countries of Eastern Europe and the interruption of economic connections with that area; difficulties in establishing extensive economic relations with other areas (which was objectively impossible in a short space of time); heightened efforts to safeguard the independence of the country which was under pressure of more than an economic kind (from the countries of the Eastern bloc), and so forth. These conditions also led to exceptionally high defence expenditures.

In the five year period (1952—1956) an annual average of 13 per cent more of the national income was allocated to industrial investment and defence than was the case in certain Western European countries.

The intensive development of the country and the accompanying hither outlays on imports, together with defence expenditures, were simply additional factors which accelerated and enlarged the accumulation of the balance of payments deficit In any case, if industrial investment were the sole cause of the deficit, some might be inclined to advocate a reduction in the inflated volume of imports. Other advice in a similar vein could be the advocacy of the balancing of imports and exports — no matter how low the volume of the latter. But a low volume of exports is a familiar characteristic of undeveloped countries, and such a method of balancing payments tends to perpetuate and deepen economic backwardness.

It is not irrelevant to recall that before the war a substantial section of the population of Yugoslavia relied on maize for their staple food. In the less fertile areas (parts of Bosnia and Hercegovina; Montenegro; in Croatia. — Lika, Kordun, Dalmatia) the inhabitants often experienced widespread hunger. The more rapid change in the structure of the population promoted by the greater tempo of industrial development in the post-war period, simultaneously with the efforts to ensure the supply of the most essential foodstuffs to all the population, led to a rapid rise in the consumption of wheat, fats, sugar etc. The total consumption of cereals per head rose from about 200 kilos in 1938 to approximately 220 kilos in 1958: consumption of fats rose from 6.9 kilos to 10.2 kilos and sugar consumption from 5.2 kilos to 15.1 kilos.

This marked increase in the consumption of basic agricultural foodstuffs was greater than the backward agricultural economy could satisfy, and therefore gave rise to the necessity of importing wheat, fats and sugar.

Thus, in the post-war period, Yugoslavia has been obliged to undergo difficulties in the balance of payments, not only on account of speedier industrialization, but also because, at the same time, solutions have had to be found to problems unsolved in the past.

Moreover the internal demand for raw materials which were formerly exported also rose in step with the construction of new industry, in addition to the expansionary influence on exports which was exerted by the rapid industrialization of the country and the consequent import requirements already mentioned. Consumption of electricity per head rose from 5,4 Kilowatt hours in 1939 to 62.68 Kilowatt hours in 1958, consumption of coal from 170 kilos per city dweller in 1939 to 545.71 kilos in 1958; there were 2.2 radios per thousand inhabitants in 1939 and 12.9 in 1958; refrigerators and electric cookers — virtually non-existent before the war — are now possessed respectively by 45.5 and 116.3 persons per thousand etc. Imports were bound to grow on account o all these developments. The problem however does not consis in the fact that the volume of imports has grown, but tha the volume of exports has remained at a low level.

AGRICULTURE AND THE BALANCE OF PAYMENTS

IN THE sphere of agriculture, apart from the backwardness to which attention has already been drawn (small holdings and small-scale commodity production), agricultura reforms were introduced as well as planned shifts of population from one agricultural area to another. This, together with the consequences of the war, combined to maintain agricultural output at a low level. Restricted technical facilities and inadequate accumulation prevented large-scale investment in agriculture simultaneously with the development of industry

The efforts which have been made to industrialize the country have already produced remarkable results. In consequence of the expansion of industrial production, the share of industry in the total exports of Yugoslavia is in the vicinity of 75 per cent, and the share of agriculture about 25 per cent

From the following data it is clear that industrial exports have risen much more quickly than agricultural exports:

Industrial Exports				
1953	1954	1955	1956	1957
100.0	129.0	138.0	174.0	212.0

Agricultural Exports				
1953	1954	1955	1956	1957
100.0	79.4	106.3	128.2	125.6

In order to eliminate the deficit in the balance of payments it is essential to ensure two basic prerequisites, in the first place, industrial exports must offset imports of raw materials and foodstuffs; secondly, exports of raw materials and foodstuffs must offset imports of industrial products.

Industrial development up to the present has already achieved important successes which are seen in the increase in output, a changed structure (exports of highly processed products, taking 1953 as 100, had risen by 1957 to 344 5; compared to 1953, exports of non-processed industrial goods had risen by 101.2 per cent, and semi-processed goods by 76.0 per cent), and in the steady trend to further growth. Thus the first prerequisite (that industrial exports offset imports of raw materals and foodstuffs) has been attained.

For the long-term elimination of the deficit in the balance of payments of Yugoslavia, the second prerequisite (that exports of raw materials and foodstuffs offset imports of industrial products) must also be satisfied, and at root that means that the further advance of agriculture muts be ensured.

At the session of the Federal People's Assembly in 1957, a resolution on the long-term development of agriculture and the co-operatives was approved for the following five years. On that occasion one point which was emphasized amongst others was that in six to seven years' time the average yield of wheat per hectare should rise by about 50 per cent., which should enable Yugoslavia more or less to free herself from dependence on imports of wheat. The resolution went on to stress the fact that „inadequate agricultural output has led to a reduction of exports and to a considerable increase in the imports of agricultural products. This in turn reduces imports of raw materials, means of production and consumer goods, thereby retarding the improvement of the standard of living and causing special difficulties in the balance of payments"

In the same year the People's Assembly also carried a resolution on the long-term development of foreign economic relations. Equilibrium of the balance of payments was underlined

the basic aim. To this end it would be necessary to reduce orts of wheat to about 450,000 in 1961.

At the most recent session of the People's Assembly, June, the Vice-president of the Federal Executive Council, alko Todorović, informed the deputies that the Federal cutive Council had decided not to import wheat at all t year, on the basis of the estimates and early yields of year's grain harvest.

There can be no doubt that this decision, althought it tes only to next year, demonstrates that there has been a technological *volte face* in agricultural production it is now capable of producing, in a very short space of e, extraordinary increases. The average yield of wheat per tare will amount to about 18 quintals. A high level of put of around 50 quintals per hectare has been achieved the socialist sector of agriculture by means of public urces. Private producers who work in collaboration with co-operatives achieved high yields of around 35 quintals hectare. Thus the long established average yield of about or 12 quintals per hectare has been considerably exceeded. total average wheat crop between 1930 and 1939 unted to 2.43 million tons per year, and between 1949 and 8 it amounted to 2.18 million tons annually. The total in the past few years has been as follows: 1957 — 3,010 ion tons; 1958 — 2.45 million tons; 1959 — 4.0 million . Even the plan for 1961 has been exceeded by far. The lts of private producers fall so far short of these enormous ds, however, that the average yield will be approximately quintals per hectare.

If we bear in mind the fact that only about 42 per cent ll agricultural holdings produce a marketable surplus, and remainder produce only sufficient to satisfy their own estic requirements, or to buy wheat, it is clear that a level of output — with the application of up-to-date technical measures — cannot be achieved on diminutive, vidual peasant holdings. The agrotechnical measures referred were applied only on 1.2 million hectares in the socialist confined to a single farm crop. Judging by its present or.

Needless to say, such revolutionary changes have not t confined to a single farm crop. Judging by its present ditions, it is estimated that the maize crop will amount, otal, to between 7 and 7.5 million tons i. e. from 27—30 ntals per hectare. The pre-war ten-year average was million tons, or 16 quintals per hectare, whereas in 1957 when the harvest was greatest — the total came to 5.66 ion tons. About 2.2 million tons of sugar beet are forecast, e the pre-war average was 0.61 million tons.

Thanks to the increased production of wheat, there will no need for wheat imports to Yugoslavia next year — orts which have amounted, on an average in recent years, about one million tons, or more than 60 million dollars. re are grounds for anticipating that there will be a sharp ction in, if not the complete termination of, imports of r and fats. This will greatly assist the reduction of the cit in the balance of payments. At the same time, the ansion of total agricultural production, and especially of crops and livestock, afford sound reasons for expecting ubstantial increase of raw material and foodstuff exports. his way the second prerequisite for the liquidation of the nce of payments deficit will be fulfilled: exports of raw erials and foodstuffs will offset industrial imports.

The stage of industrialization already reached has provi- the basic means for the mechanization of agricultural duction, and for the wider application of artificial fertilisers increase in social product, i. e. in the national income, in total and per head of the population, has made possible investment of much greater resources in agricultural elopment. As a result of guaranteed minimum prices for c edible and industrial crops, and incentive prices — due the comparatively free market — for other agricultural food produce, agriculture has now set out on a course of comprehensive modernization.

The timely recognition that methods of forced collectivization were unsuited to Yugoslav conditions led to the consistent policy of making agricultural development possible by economic means and by encouraging those forms of socialist transformation of the village which are best suited to Yugoslav conditions. This policy towards the village as well as the determined basic policy of industrialization — and of creating the material basis for independence — have been the target of diverse „criticism" in the Eastern European countries. In these malicious attempts to discredit socialist Yugoslavia, particular stress has been laid on the claims that the Yugoslav economy is regressing, the Yugoslav industry is stagnating, and in particular that the Yugoslav village is „infected with the spirit of small-scale private ownership." Now, when the statistics of the United Nations also demonstrate thar the pace of Yugoslav industrial development is increasing, and when agricultural results are such that they cannot be explained away simply in terms of a good agricultural year, but must rather be interpreted as the outcome of a correct policy and of the new relations which are being built up in the Yugoslav village, those same „critics" have fallen silent over these considerable and incontrovertible Yugoslav successes. In this way they reveal their true wishes and aims, which are often identical with the intentions of some reactionary circles in the West, who have also attempted to make doubtful political capital from the understandable, temporary difficulties to which they themselves have frequently contributed.

Finally, it should be stressed that the Yugoslav economy now has prospects for the rapid elimination of the deficit in the balance of payments on a long-term basis — which will in turn facilitate the still more successful and all-round development of the Yugoslav economy.

Official Statements

Yugoslav Attitudes on...

JULY 11

ON YUGOSLAV-SOVIET FINANCIAL NEGOTIATIONS. — „We can only state what was made known by the published announcement, that is, that talks began in Belgrade, on July 6th, between government delegations of Yugoslavia and the USSR, on financial questions (the question of annual payments and similar matters) arising from the credit agreement of 1956, the implementation of which, as is known, was interrupted last year".

SOVIET STATEMENT ON THE CREATION OF A ZONE FREE FROM ATOMIC AND ROCKET WEAPONS IN THE BALKANS. — „We have received the Soviet government statement of July 25th which was handed to the ambassadors of Bulgaria, Yugoslavia, Greece, Italy, Turkey, the United States, the United Kingdom and France and the chargés d'affaires of Albania and Rumania in Moscow in connection with the question of creating an atom- and rocket-free zone in the Balkans. Our attitude to this question is well-known. We should like to recall that it was particularly discussed in President Tito's recent speech in Smederevo on June 8th and in an interview with Vice-President Kardelj on July 3rd".

FOREIGN MINISTERS' CONFERENCE IN GENEVA. — „We hope that at the resumption of the Geneva conference the positive trends from the first phase of the talks will prevail and that the work of the four foreign ministers will contribute to an improvement of the international atmosphere and create conditions for the solution of outstanding international problems, as the world public justifiably expects".

JULY 17

TRIALS IN FLORENCE. — Asked to comment on the decision of the court in Florence which freed the accused members of the former „Beneška Squad" by an amnesty act, the official spokesman of the State Secretariat for Foreign Affairs stated", „It did not give full satisfaction to the accused and the insults in the charges reflecting on the People's Liberation War of Yugoslavia were not withdrawn".

YUGOSLAV-ITALIAN AGREEMENT ON SPECIAL DELIVERIES. — „We consider the agreement very useful for both sides"

OFFICIAL REQUEST FOR PLACING THE ALGERIAN QUESTION BEFORE THE GENERAL ASSEMBLY OF UNO. — Asked to comment on the official request by a group of Asian and African countries in the United Nations that this year's session of the General Assembly of the United Nations should consider the Algerian question, the official foreign office spokesman said. „We can say that the Yugoslav delegation at the United Nations will make a statement on this matter at the appropriate time. However, we can say now that, in our opinion, the request of the Asian and African nations is justified".

GATHERING OF DANUBIAN GERMANS. — „The rally which is now being held in Salzburg represents a gathering of Volksdeutschers who, because of the war crimes and enemy activities which they performed as members of Hitler's army and police, either fled or were expelled from our country, and it has an explicitly *revanchist* and unfriendly character in relation to Yugoslavia. The presence of official representatives of the Austrian government and the Federal German Republic at this gathering particularly causes anxiety. We shall follow the further course of this gathering and we may say that our government attaches considerable importance to this affair".

REPORTS OF AGENCE FRANCE PRESSE AND PARIS PRESS. — The correspondent of the Paris paper „Le Monde" said, in a question placed to the spokesman of the Secretariat for Foreign Affairs, that, according to the Agence France Presse and the Paris press, the Yugoslav ship „Makedonija" recently unloaded a secret cargo of arms in Casablanca which, it was alleged, were intended for the Algerian Liberation Movement. The spokesman stated, „The report is groundless and tendentious. The „Makedonija" was carrying no arms. However, what Yugoslavia and Marocco sell to each other is their own affair".

(Extracts from the News Conferences held by the official Spokesman of the State Secretariat for Foreign Affairs on July 11th and 17th).

Negotiations and Agreements

AGREEMENT ON DELIVERIES FOR SUGAR REFINERIES. — At the end of June an agreement was signed in Belgrade with the West German firm of „Salzgieter" on the delivery of equipment for five sugar refineries to be built in Vojvodina, Serbia. The agreement was signed by the „Invest-Import" firm of Belgrade. Deliveries are to be completed by the end of 1960.

PARTICIPATION IN BUILDING ELECTRIC POWER STATIONS IN INDIA. — On behalf of several Yugoslav enterprises, representatives of the „Invest-import" firm have concluded an agreement on the building of the „Barauni" electric power station at Panta in India. The value of the work to be done by Yugoslav enterprises totals 20 million rupees.

TRADE CO-OPERATION BETWEEN YUGOSLAVIA AND BENELUX. — The trade agreement between Yugoslavia and Benelux economic union had been extended for the coming year and is valid until July 30th, 1960.

TRADE NEGOTIATIONS BETWEEN YUGOSLAVIA AND HUNGARY. — On July 9th in Budapest, negotiations began between Yugoslav and Hungarian delegations for a protocol on goods exchanges for 1960. Trade between Yugoslavia and Hungary is carried out within the framework of the agreement on goods exchanges of December last and the recently signed protocol which provide for goods exchanges between the two countries for 1959 to the total value of 36,400.000 dollars

NEW GOODS LISTS WITH TUNISIA. — The Yugoslav-Tunisian mixed commission for goods exchanges ended its meeting in Tunis. Notes were signed on the work of the commission and the new goods lists for the coming year. These lists provide for an increase in goods exchanges between the two coutries and a considerable expansion of the structure of the goods lists of both sides.

YUGOSLAV-SWEDISH TRADE AGREEMENT EXTENDED — By an exchange of notes between the Swedish Ministry for Foreign Affairs and the Yugoslav Embassy in Stockholm, which took place on June 30th, the validity of the protocol on goods exchanges between the two countries, signed on July 5th, 1957, was extended. This extension is valid from July 1st, 1959, until June 30th, 1960.

AUSTRIAN ECONOMIC DELEGATION IN RIJEKA. — On June 30th, an Austrian economic delegation, led by Dr Franz Korinek, General Secretary of the Austrian Economic Chamber, arrived in Rijeka. It will have talks in Rijeka on the possibilities for using the services of Yugoslav shipyards. The Yugoslav ambassador in Vienna, Jože Zemljak, also arrived with the delegation.

VISIT OF INDONESIAN ECONOMIC DELEGATION. — An Indonesian economic delegation, led by a member of the Indonesian Parliament, Saevono, stayed in Belgrade from July 9th to 20th. The other members of the delegation were two prominent officials in the Ministry of Finance. During their stay in the country, the delegates studied the Yugoslav financial and economic system

VISIT OF SUDANESE ECONOMIC DELEGATION. — A Sudanese economic delegation, headed by Brigadier Mohamed Ahmed Irva, member of the Supreme Military Council and Minister of Trade and Industry, arrived in Yugoslavia on July 11th. The Sudanese economists had talks in Belgrade from July 13th to 18th with the Yugoslav delegation, led by Ljubo Babić, president of the Committee for Foreign Trade. The negotiations ended with the signing of an agreement on the delivery of Yugoslav goods to the Sudan on credit, a protocol on some questios relating to goods exchanges and payments and an agreement on scientific and technical co-operation. After the signing of the agreement, the delegation visited the „3rd of May" shipyard in Rijeka and was received by President Tito at Brdo near Kranj.

YUGOSLAV-ITALIAN PROTOCOL ON SPECIAL DELIVERIES. — On July 15th, an agreement on special deliveries was signed in Rome between Yugoslavia and Italy, which provides for deliveries of goods on credit by Italian firms to

goslav enterprises, to the value of 50 million dollars. These tracts will be fulfilled by the end of 1961. The agreement kes it possible for Italian industry to play a greater part the realization of the Yugoslav investment programme and tributes to the further strengthening of the economic links ween the two countries. Apart from this, the agreement financial co-operation between the Yugoslav Investment k and the Italian Institute for Medium-term Financing I) was renewed.

ONESIAN TRADE DELEGATION TO VISIT YUGOSLA-. — It is expected that an Indonesian trade delegation visit Yugoslavia at the beginning of September. According plans, the delegation will have talks on the realization the 10-million dollar credit which Yugoslavia assigned In-esia last year.

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eetings and Talks

T OF DELEGATION OF POLISH HEALTH WORKERS. delegation of the trade union of health workers of Po-, headed by a member of the presidium of the Central mittee of this organization, Henrik Matuševski, arrived Belgrade on July 1st. The Polish trade union officials ed in Yugoslavia until July 12th and inspected many th institutions in Serbia and Croatia

TED STATES' SCIENTIST IN YUGOSLAVIA. — Dr. J. Cole, a prominent American scientific expert, head of rimental pathology at the Radio-biology Laboratory of United States Navy in San Francisco, is staying in Yugo-a as the guest of the Institute for Nuclear Research in a. He has given two lectures in Belgrade: on experimental on protection from ionizing radiation by the transplant-n of bone marrow and on the effect of radiation on e.

TURAL DELEGATION OF UAR IN YUGOSLAVIA. — ultural delegation of the United Arab Republic, led by Minister for Education, Kamel el Din Husein, stayed in slavia from July 1st to 11th. The delegation had talks xpanding the programme of cultural co-operation between two countries and visited a number of Yugoslav towns. cultural delegation of the United Arab Republic was ved on Brioni by the President of the Republic, Josip Tito.

ERAL SECRETARY OF FEDERATION OF WORLD VE-ANS IN BELGRADE. — The General Secretary of the d Federation of Veterans, Curtis Campaign, arrived in ade on July 3rd. During his stay, Curtis Campaign d the President of the Federation of Veterans of the e's Liberation War of Yugoslavia, Alexander Ranković, talked with him about the status of veterans in Yugo-a and the world in general.

OF PRESIDENT OF ALL-INDIAN FEDERATION OF AL AUTHORITIES. — The President of the All-Indian ation of Local Authorities stayed in Belgrade on July nd 7th as the guest of the Standing Conference of Yu-v Cities He talked with representatives of this insti-n about the possibilities for co-operation and exchanges periences between Yugoslav and Indian cities.

FORMER GOVERNOR OF SAO PAULO VISITS YUGOSLAVIA. — A member of the Brazilian Parliament and former governor of Sao Paulo, Janio Quadros, arrived in Yugoslavia on July 8th for a seven-day visit at the invitation of the President of the Foreign Affairs Committee of the Federal People's Assembly, Dr. Aleš Bebler. Besides Belgrade, Janio Quadros visited several places in Croatia and Slovenia where he showed an interest in the economic development of these regions and held talks with prominent personalities in Yugoslav political and economic life. The former governor of Sao Paulo was received on Brioni by the President of the Republic, Josip Broz Tito.

YUGOSLAV DELEGATION AT CELEBRATION OF IRAQI REVOLUTION. — At the invitation of the Iraqi government, a Yugoslav delegation, headed by Bogdan Crnobrnja, assistant secretary of state for foreign affairs, left Belgrade for Bagdad where, on July 14th, it attended the celebrations marking the anniversary of the Iraqi revolution.

YUGOSLAV TRADE UNION DELEGATION VISITS LONDON. — A four-member delegation of the Trade Union of Transport and Communication Workers and the Trade Union of Municipal and Public Service Workers arrived in London on July 13th for a two-week visit at the invitation of the British Transport Workers Union. The delegation was led by Dušan Šijan, President of the Central Committee of the Trade Union of Transport and Communication Workers.

AUSTRIAN TRADE UNION DELEGATION IN YUGOSLAVIA. — A delegation of the Central Council of the Federation of Trade Unions of Austria arrived in Belgrade on July 13th, as the guests of the Central Council of the Confederation of Trade Unions of Yugoslavia, for a three-day stay in the country. The delegation discussed co-operation between the two countries' trade union organizations in the fields of culture and tourism

VISIT OF PERUVIAN PARLIAMENTARIAN. — A member of the Peruvian Parliament, Antonio Rodrigez del Valje arrived in Belgrade on July 19th for a three-day visit to Yugoslavia. He was the guest of the Yugoslav group of the Interparliamentary Union.

QUEEN ELIZABETH OF BELGIUM IN YUGOSLAVIA — Queen Elizabeth of Belgium stayed in Yugoslavia on a private visit from July 22nd to August 1st. During that time, the Belgian Queen visited Zagreb, Titograd, Cetinje, Miločer, Dubrovnik, where she attended performances in the Dubrovnik Summer Festival, and Split. Queen Elizabeth spent the last day of her stay in Yugoslavia on Brioni, where she was the guest of the President of the Republic, Josip Broz Tito.

VISIT OF GENERAL BURNS. — The Commander of the United Nations Force in Sinai, General Burns, arrived in Belgrade on July 25th for a private, ten-day visit to this country. During his stay in Yugoslavia, which was a holiday, General Burns toured Bled, Rijeka, the Plitvička Lakes and Belgrade.

YOUTH FESTIVAL. — A group of 240 Yugoslav youth, members of the „Ivo Lola Ribar" and „Branko Krsmanović" cultural-artistic societies, arrived in Vienna on July 25th to take part in the World Youth Festival, held from July 26th to August 4th. The Yugoslav youth are appearing in various cultural events, giving performances of songs and dances of Yugoslavia as well as of compositions by Yugoslav and foreign composers.

PERUVIAN PARLIAMENTARIANS IN YUGOSLAVIA. — A visited Dubrovnik before leaving for Rome on July 30th. In Belgrade on July 23rd During their stay in this country, the Peruvian parliamentarians toured Slovenia and afterwards

visited Dubrovnik before leaving for Rome on July 30th. In Belgrade the group had meetings and discussions with the president of the Yugoslav group of the Interparliamentary Union, Vladimir Simić, and with members of the Yugoslav Parliament.

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Chronicle of Political Events

July 3rd — From July 1st to 3rd, III Congress of the Communists of Montenegro held in Titograd. The Congress adopted a resolution on national tasks and elected a new Central Committee and Revisory Committee.

July 3rd — Session held of Federal Commission for Nuclear Energy, with Aleksandar Ranković presiding. It was decided to start building the industrial plant for processing uranium ore.

July 4th — Fighters' Day formally celebrated throughout the whole country. At a celebration marking the fifteenth anniversary of the formation of the 32nd Division in Križevci, Aleksandar Ranković, Vice-President of the Federal Executive Council, spoke before a crowd numbering 100.000 people. He said, among other things, that we could justifiably say that we had realized all the progressive desires of our working class and our working people in general. In relation to neighbouring countries, Aleksandar Ranković stressed that the activity of fascist organizations in some countries was astonishing our public, since it was not in the interests of friendly relations and did not contribute to a peaceful policy in international affairs.

July 12th — Slavko Komar, member of the Federal Executive Council, made a statement on television on this year's harvest in which he said that never in our history had we produced so much grain as this year and that the cancellation of wheat imports was one of the greatest economic successes of socialist Yugoslavia.

Diplomatic Diary

July 2nd — President Tito received the Speaker of the Lower House of the Indian Parliament, N. A. Ajangar, and members of his party.

July 2nd — President Tito accepted the Letters of Credence of the newly-named Ambassador of the Netherlands to Yugoslavia, S. G. M. van Vorst tot Vorst.

July 2nd — President Tito received the Ambassador of Ceylon to Yugoslavia Alvin Bernard Pereira, who presented his Letters of Credence.

July 3rd — State Secretary for Foreign Affairs, Koča Popović, received the Minister for Education of the United Arab Republic, Kamal el Din Husein, with the members of the delegation. The Ambassador of the United Arab Republic to Yugoslavia, Sabet Aris, was present at the reception.

July 8th — President Tito received the Minister of Education of the United Arab Republic, Kamal el Din Husein, and the members of the cultural delegation and the delegation of the Atomic Commission of the United Arab Republic. The Ambassador of the United Arab Republic, Sabet Aris, was present at the reception.

July 8th — Presndent Tito received the Sudanese Ambassador to Yugoslavia, Bagir el Sajed Mohamed Bagir, who presented his Letters of Credence.

July 14th — President Tito received the former governor of the Brazilian state of Sao Paulo, Janio Quadros, member of the Brazilian Parliament.

July 24th — President Tito received the Minister of Trade, Industry and Supply, member of the Supreme Military Council of the Sudan, Mohamed Ahmed Irva, the Sudanese Ambassador to Yugoslavia, Bagir el Sajed Mohamed Bagir, and the members of the Sudanese economic delegation.

Our New Contributors

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